

Mr. ROBINSON of Arkansas. I find there are 5 or 6 committees of first importance which are meeting in the morning, and I do not believe it practicable to recess until 10 o'clock. I suggest, then, that we recess now, but before doing that I should like to have a brief executive session.

Mr. SMITH. Very well.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate proceed to the consideration of executive business. The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGE REFERRED

The PRESIDING OFFICER (Mr. GEORGE in the chair) laid before the Senate a message from the President of the United States submitting the nomination of Harry L. Sexton, of Brownsville, Tex., to be collector of customs for customs collection district no. 23, with headquarters at San Antonio, Tex., in place of Roy Campbell, resigned, which was referred to the Committee on Finance.

REPORTS OF COMMITTEES

The PRESIDING OFFICER. Reports of committees are in order.

Mr. SHEPPARD, from the Committee on Military Affairs, reported favorably sundry nominations in the Army.

The PRESIDING OFFICER. The nominations will be placed on the Executive Calendar.

Mr. NORRIS, from the Committee on the Judiciary, reported favorably the nomination of Joseph W. Woodrough, of Nebraska, to be United States circuit judge, eighth circuit, which was ordered to be placed on the Executive Calendar.

The PRESIDING OFFICER. The calendar is in order.

JULIAN L. SCHLEY

The Chief Clerk read the nomination of Julian L. Schley to be Governor of the Panama Canal Zone.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

CUSTOMS SERVICE

The Chief Clerk read the nomination of Harry M. Durning to be collector of customs, customs collection district no. 10, New York, N.Y.

The PRESIDING OFFICER. Without objection, the nomination is confirmed. Without objection, the President will be notified of the nominations this day confirmed. That concludes the Executive Calendar.

The Senate resumed legislative business.

RECESS

Mr. SMITH. Mr. President, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and the Senate (at 5 o'clock and 25 minutes p.m.) took a recess until tomorrow, Wednesday, April 12, 1933, at 12 o'clock meridian.

NOMINATION

Executive nomination received by the Senate April 11, 1933

COLLECTOR OF CUSTOMS

Harry L. Sexton, of Brownsville, Tex., to be collector of customs for customs collection district no. 23, with headquarters at San Antonio, Tex., in place of Roy Campbell, resigned.

CONFIRMATIONS

Executive nominations confirmed by the Senate April 11, 1933

GOVERNOR OF PANAMA CANAL

Julian L. Schley to be Governor of Panama Canal.

COLLECTOR OF CUSTOMS

Harry M. Durning to be collector of customs, district no. 10, New York, N.Y.

HOUSE OF REPRESENTATIVES

TUESDAY, APRIL 11, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Almighty God, we rejoice that we are in a world where Thou dost reign. Thou art the fountain of mercy and dost bring light out of darkness and peace out of pain, and doeth all things well. May we accept it, our Heavenly Father, for larger service and for diviner joys in which our enfranchised souls shall share with those who walk with Thee. In all things that shall be done today may we hear Thy "Well done" and have the blessing of the heart that is undisturbed. Blessed Lord, crown us with minds that plan and ponder, with hearts that yearn and aspire; and may they be used for Thy glory and for our country's good, and Thine shall be the praise. Amen.

The Journal of the proceedings of yesterday was read and approved.

ORDER OF BUSINESS

Mr. SNELL. Mr. Speaker, may I make a parliamentary inquiry?

The SPEAKER. The gentleman will state it.

Mr. SNELL. As I understand, there are several rules to be brought up this morning. Can the majority leader tell me in what order those rules are to be brought up?

Mr. BYRNS. There is only one rule to be taken up this morning, and that is the rule with reference to the post-office leases. After that the rule relative to the farm-mortgage loans will be taken up.

INVESTIGATION OF POST-OFFICE LEASES

Mr. SABATH. Mr. Speaker, I call up the resolution (H.Res. 98) for immediate consideration.

The Clerk read as follows:

House Resolution 98

Resolved, That immediately upon the adoption of this resolution the House shall proceed to the consideration of House Resolution 59, and all points of order against said resolution shall be considered as waived. That after general debate, which shall be confined to the resolution and shall continue not to exceed 30 minutes, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Post Office and Post Roads, the previous question shall be considered as ordered on the resolution to its adoption or rejection.

Mr. SABATH. Mr. Speaker, this resolution makes in order the resolution extending the time for the Committee on the Post Office and Post Roads in the House with reference to the investigation that was authorized in the last session. The members of that committee were not able to complete their work, and this resolution simply authorizes them to proceed with their investigation.

I do not desire to take up any time of the House at this time.

Mr. SNELL. Will the gentleman yield for a question?

Mr. SABATH. Certainly.

Mr. SNELL. The gentleman says the Committee on the Post Office and Post Roads has not been able to complete its investigation.

Mr. SABATH. That is correct.

Mr. SNELL. I had understood from general conversation, not official, that the investigation was all made, but this extension was for the purpose of completing the report to Congress. Is that correct or not?

Mr. SABATH. I understand that additional investigation is under consideration, but I do not suppose it will take a very long time to complete it.

Mr. SNELL. Is the chairman of the committee present?

Mr. SABATH. The chairman of the committee is present, and he will explain what they have done and what they desire to do in the future.

Mr. SNELL. I had understood it was just to give additional time for the purpose of compiling their report and

making the report to Congress, but practically there was no more investigation to be made.

Mr. SABATH. It may be that one or two more witnesses will be called, if I am correctly informed.

I now yield to the gentleman from New York [Mr. MEAD] 5 minutes.

Mr. MEAD. Mr. Speaker, this resolution from the Rules Committee, House Resolution 59, merely permits the Committee on the Post Office and Post Roads, as now constituted, to continue an investigation which was ordered in the Seventy-second Congress. In that Congress a resolution was approved authorizing our committee to investigate post-office contracts, leases, subsidies, and other postal expenditures, with the idea in mind of balancing the postal budget. The members of our committee have worked diligently for the past year, and we are prepared to recommend to Congress and to the Department, amongst other things, a new air mail policy. This policy will immediately save the Government \$5,000,000, and within 5 years it will put the Air Mail Service on a paying basis. That is but one phase of the work in which we are engaged. We have taken up matters, pertaining to postage rates, and we are now prepared to recommend to the Post Office Department a return to 2-cent postage rates—we have the facts and figures to prove that such a change will be conducive to increased revenue. It will increase volume and reduce unit cost.

Mr. BLANTON. Will the gentleman yield?

Mr. MEAD. I shall be very glad to yield.

Mr. BLANTON. My friend from New York has done some most valuable work. The gentleman speaks of making recommendations to the Department. Why not pass a law directing what should be changed? If the Department for several years has been doing unwise things which need changing by Congress, instead of making recommendations to the Department why does not the gentleman's committee have Congress pass a law that will direct the Department to make the proper changes?

Mr. MEAD. We are also making our report to the Congress, and we have already introduced legislation to bring about just what the gentleman desires.

Mr. BLANTON. I want to see it directory, that the postage on first-class mail shall be reduced from 3 cents to 2 cents. And postage should be reduced back to 2 cents immediately.

Mr. MEAD. I am in hearty accord with the gentleman's wishes, but, of course, we are meeting in what might be termed "an emergency session of Congress", and we are giving consideration to emergency recommendations from the administration. Therefore we are taking up our recommendations with the Congress and with the Department. We have made a very thorough investigation, and this resolution merely permits the present Post Office Committee, as it is now constituted, to continue the work which the former Post Office Committee carried on so well.

Mr. WARREN. Mr. Speaker, will the gentleman yield?

Mr. MEAD. Certainly; I yield.

Mr. WARREN. The gentleman from Illinois will recall that the House, by a roll-call vote at the last session, authorized an expenditure of \$5,000 for this investigation. As I understand, it is now proposed to use the unexpended portion of this appropriation and that no other fund will be sought.

Mr. MEAD. The gentleman is correct. We are not asking for any additional appropriation, but merely for the authority to carry on our work and make our complete report to the Congress.

Mr. McFARLANE. Mr. Speaker, will the gentleman yield?

Mr. MEAD. Yes; I yield.

Mr. McFARLANE. Can the gentleman enlighten us as to when the committee will be able to make this report and whether or not we will be able to reduce postage from 3 cents to 2 cents at this session?

Mr. MEAD. I may say to the gentleman that we have already made our report on the Air Mail Service. We are prepared to make our final report on the matter of reducing first-class postage from 3 cents to 2 cents, as the gentleman

indicated, and I believe action will be taken in that connection in the very near future.

Mr. McFARLANE. Another question, in regard to the subsidy of newspapers, ranging from \$35,000,000 to \$40,000,000 a year, Has the gentleman's committee taken this matter into consideration?

Mr. MEAD. I may say to the gentleman that the cost-ascertainment commission's figures show the amount to be nearer \$75,000,000 a year.

Mr. McFARLANE. I am talking about the daily newspapers.

Mr. MEAD. I am talking about second-class mail matter, which includes both newspapers and magazines. We took that into consideration in the last session of Congress. We passed a bill which increased the rates on second-class mail matter, and the committee may recommend further increases before we complete our work.

Mr. HASTINGS. Mr. Speaker, will the gentleman yield?

Mr. MEAD. Yes; I yield.

Mr. HASTINGS. How long does this resolution continue the life of this committee?

Mr. MEAD. It continues the committee throughout this Congress.

Mr. SNELL. Will the gentleman yield?

Mr. MEAD. Yes; I yield.

Mr. SNELL. About what time does the gentleman expect he will be able to make his complete report to the House?

Mr. MEAD. I may say to the gentleman from New York that we have practically completed our hearings. We have a voluminous record of hearings that require study.

Mr. SNELL. The hearings are practically completed?

Mr. MEAD. The hearings are practically completed, and as soon as we have time to digest them we will make our report to the House.

[Here the gavel fell.]

Mr. SABATH. Does the gentleman from Pennsylvania desire any time?

Mr. RANSLEY. On this side of the aisle we have but one speaker, the gentleman from Pennsylvania [Mr. KELLY]. We should like to yield him 10 minutes. He is the only gentleman to whom we will yield time on this question.

Mr. SABATH. How much time does he wish?

Mr. RANSLEY. Ten minutes.

Mr. SABATH. We have come to a tentative agreement that he would try to get through in 5 minutes.

Mr. Speaker, I yield 5 minutes to the gentleman from Pennsylvania [Mr. KELLY].

Mr. KELLY of Pennsylvania. Mr. Speaker, I could use the entire time allotted in describing the constructive service that has been rendered in this investigation by the distinguished gentleman from New York [Mr. MEAD], chairman of this committee. [Applause.]

As chairman, he has carefully watched the expenditures of this committee. He has been meticulous about every expense and has also seen to it that the committee kept to the problems involved. The report, when finally completed, will be a constructive one and will show how millions of dollars can be saved in the conduct of the Postal Service.

May I remind the House that the Post Office establishment is the biggest business under the control of this body, involving about \$800,000,000 a year. The questions covered by the investigation are many. Most important are 3 or 4 phases involving millions of dollars. One is the leasing system now in force in the Post Office Department. Under general law nothing can be done as to ownership of buildings for branches, stations, and garages in the large cities. There is no provision by which these facilities can be purchased or constructed, yet they are absolutely essential to the conduct of the Post Office Establishment.

As a result of this forced leasing system millions of dollars have been spent in what might be termed an entirely unjustifiable expense. We went into the St. Paul lease where a long-term lease was entered into at the rate of \$120,000 a year. It was carried on by several administrations. The entire appraised value of this building and site was \$500,000. We have been paying as rent each year about

25 percent of the valuation of the property. Bonds totaling a million and a half dollars were sold to innocent investors who were told that the Government was back of the bond.

We investigated the Quincy Annex Station in Chicago. It was leased at \$123,000 a year. The appraised valuation of this property is about \$500,000. Under the law we could neither buy this building nor construct another one.

This committee went into these matters and has come to the conclusion that it would be an efficient and constructive measure to permit the Department to purchase or construct these buildings. We are now paying out every year about \$7,500,000 for rentals for these structures, and we have nothing to show for the expenditure at the end of the long-term leases. We could capitalize at 4 percent an amount sufficient to build all of them and in 12 years pay off the bond issue and have the buildings in the possession of the Government of the United States. This would mean thereafter a savings of millions annually.

Another item of great importance is the Air Mail Service. This service has developed a great industry. It has trained pilots who can be used in national defense. It has rendered a great service to the public, but for several years it has been overdeveloped. As a result, in the last Congress the Senate completely eliminated the entire appropriation, which would have destroyed a great service. The gentleman from New York and myself appeared before the conferees by invitation and explained how it is possible to wipe out every cent of the subsidy of the air mail in 5 years' time and still retain a comprehensive service such as we have now, on a self-supporting basis.

Legislation is before this body, recommended in the report from the investigating committee covered by this resolution, which in itself will save millions of dollars and put the air mail on a basis where not a dollar will be paid to operators except from the revenues of the air mail postage itself.

There is another question that is intensely interesting, and that is the point raised by the gentleman as to postage rates.

The Post Office Committee has never had a chance to deal with this 3-cent rate for letters. We refused to recommend it, but it was passed as a tax measure, a 50 percent tax, making the letter rate 3 cents instead of 2 cents.

I am convinced from my study of it that this was a grievous blunder that should be corrected at the earliest possible moment by this Congress. [Applause.]

Mr. BLANCHARD. Will the gentleman yield?

Mr. KELLY of Pennsylvania. I yield.

Mr. BLANCHARD. Is the gentleman prepared to say at this time that the committee will come in with a recommendation for the restoration of the 2-cent rate?

Mr. KELLY of Pennsylvania. I feel certain the committee will be unanimously in favor of its restoration. We will lose in the present fiscal year, according to the calculation that can be made on volume, 5,000,000,000 letters out of the mail, largely as a result of the 3-cent rate. There is a reduction in revenue on first-class mail from \$310,000,000 in 1932 down to a point where we can figure a loss of \$52,000,000 as a result of this 3-cent rate. By restoring the 2-cent rate we can increase the volume and cut the unit cost until we will be in a position to help restore the lost revenue.

[Here the gavel fell.]

Mr. SABATH. Mr. Speaker, I yield the gentleman 5 additional minutes. This is an important matter and the House is entitled to know what the committee has done.

Mr. McFARLANE. Will the gentleman yield?

Mr. KELLY of Pennsylvania. Yes.

Mr. McFARLANE. Speaking in the capacity of a Democrat, may I ask the gentleman in regard to these leases of postal property whether he thinks we should cancel a lot of these expensive contracts and relet them under the Democratic administration?

Mr. KELLY of Pennsylvania. These expensive leases have been awarded in all administrations. We are recommend-

ing that all leases possible be put on a short-term basis until these recommendations can be carried out.

Mr. OLIVER of Alabama. Will the gentleman yield?

Mr. KELLY of Pennsylvania. I yield.

Mr. OLIVER of Alabama. What cost does the gentleman estimate is involved in the building program which the gentleman states the committee will favor?

Mr. KELLY of Pennsylvania. The amount of the entire rental item is about \$17,500,000 a year. This applies to all post-office buildings. In the item of branches, stations, and garages, which is the outstanding evil of the present time, \$7,500,000 is involved every year.

Mr. OLIVER of Alabama. What would be the cost of constructing the buildings that the gentleman states the committee will recommend?

Mr. KELLY of Pennsylvania. I believe that \$80,000,000 would erect every one of these stations that now pays more than \$3,000 a year, and they would be amortized in 12 years through the savings made.

Mr. OLIVER of Alabama. And what would be the cost of maintaining these buildings?

Mr. KELLY of Pennsylvania. The cost of maintenance is now carried just the same, and there would be no additional cost on that account.

Let me name a fourth problem which we have been dealing with—one of great importance. Besides the postage-rate reduction, the matter of air mail without subsidy, and these leases, which are wasting money every year, there is the matter of the subsidy for the merchant marine.

We have been going into this matter quite carefully and have found it a very difficult and complex problem. We believe that the amount of \$21,000,000 a year for what is known as the ship subsidy can be reduced by at least one third, and that the \$14,000,000, which was stated at the time of the passage of the act as being the utmost limit of these payments, ought to be put into force. We can deal with it on a fair basis, and by reducing the subsidy year by year, until the \$14,000,000 is made the extreme cost, we can accomplish something in justifiable saving.

These various measures will save the Post Office Department millions of dollars.

Mr. WEIDEMAN. Will the gentleman yield?

Mr. KELLY of Pennsylvania. I yield.

Mr. WEIDEMAN. I presume on this merchant marine subsidy the gentleman found some of these National Economy Leaguers, who were most anxious to penalize the veterans, are themselves recipients of hundreds of thousands and millions of dollars.

Mr. KELLY of Pennsylvania. Yes; we found that out in the course of our investigation.

Mr. WEIDEMAN. Has the committee taken care of that situation?

Mr. KELLY of Pennsylvania. Not directly, but all these things are under consideration by the committee.

Mr. Speaker, the Post Office Department has a reported deficit for the last year, 1932, of \$152,000,000. We believe that the recommendations that we have made and will make from the committee, when enacted, will cut the deficit down substantially. Final elimination of the deficit can only be accomplished by increasing the volume of mail. It will never be done by increasing postage rates on the various classes that furnish so much of the mail.

The air mail rate has been increased from 5 cents to 8 cents and it has cut the volume 30 percent. The first-class rate has been increased to 3 cents, and it has cut the volume almost 40 percent. Every time we cut the volume by increasing the rate we add to the postal deficit.

If we had had the same revenue increase since 1929 that we had between 1921 and 1929, there would be a surplus of \$19,000,000 instead of this deficit.

I hope the Members of the House will enable the committee to make its final report. The recommendation on air mail changes already made means \$5,000,000 a year saving, and these other recommendations will add still more

millions to the savings of the Government in the conduct of the biggest business under its control.

Mr. JOHNSON of Texas. Will the gentleman yield?

Mr. KELLY of Pennsylvania. I yield.

Mr. JOHNSON of Texas. How much did we lose when we increased the rate on post cards from 1 cent to 2 cents? When we thought we were going to increase the postal revenues, how much did we decrease them by this action?

Mr. KELLY of Pennsylvania. The Post Office Department told us that if we would make the rate on post cards 2 cents instead of 1 cent we would add \$10,000,000 to the \$10,000,000 we were then receiving. We took their estimate, and the next year they showed a loss of \$6,000,000 out of the \$10,000,000 that we were getting on the 1-cent rate. Such action is futile. Low postage rates and high mail volume is the true pathway to a self-sustaining postal service.

DEVELOPMENT OF THE TENNESSEE VALLEY

Mr. McSWAIN. Mr. Speaker, I ask unanimous consent to proceed for half a minute in order to make an announcement.

The SPEAKER. Without objection, the gentleman will proceed.

Mr. McSWAIN. Mr. Speaker, the legislation concerning the development of the Tennessee Valley, including Muscle Shoals, has been introduced and hearings will be commenced at 2 o'clock today before the Committee on Military Affairs, and any Member of the House who desires an opportunity to appear either in support of or in opposition to the measure is invited to do so, because the hearings will be concluded at the end of the week.

INVESTIGATION OF POST-OFFICE LEASES

Mr. SABATH. Mr. Speaker, I move the previous question. The previous question was ordered.

The resolution was agreed to.

The SPEAKER. The Clerk will report House Resolution 59.

The Clerk read as follows:

House Resolution 59

Resolved, That for the purpose of obtaining information necessary as a basis for legislation, the Committee on the Post Office and Post Roads of the Seventy-third Congress is authorized, as a committee, by subcommittee or otherwise, to continue the investigation begun under authority of House Resolution 226 of the Seventy-second Congress, and for such purposes said committee shall have the same power and authority as that conferred upon the Committee on the Post Office and Post Roads by House Resolution 226 of the Seventy-second Congress. The unexpended balance of the appropriation of \$5,000 under House Resolution 273 of the Seventy-second Congress is hereby continued for such purposes.

Mr. SABATH. Mr. Speaker, I take it for granted that everyone who listened to the gentleman from New York [Mr. MEAD] and the gentleman from Pennsylvania [Mr. KELLY] are satisfied that a great deal has been accomplished, and believing that to be the case, I ask for the previous question.

The previous question was ordered.

The resolution was agreed to.

EMERGENCY FARM MORTGAGE ACT OF 1933

Mr. BANKHEAD. Mr. Speaker, I call up a privileged resolution, House Resolution 103.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H.R. 4795, a bill to provide emergency relief with respect to agricultural indebtedness, to refinance farm mortgages at lower rates of interest, to amend and supplement the Federal Farm Loan Act, to provide for the orderly liquidation of joint-stock land banks, and for other purposes, and all points of order against said bill are hereby waived. That after general debate which shall be confined to the bill and shall continue not to exceed 8 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be considered as having been read for amendment. No amendments shall be in order to said bill except amendments offered by direction of the Committee on Agriculture and said amendments shall be in order any rule of the House to the contrary notwithstanding. Amendments offered by direction of the Committee on Agriculture may be offered to any section of the bill at the con-

clusion of the general debate, but said amendments shall not be subject to amendment. At the conclusion of the consideration of the bill for amendment the committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. BANKHEAD. Pending the consideration of the rule, Mr. Speaker, I should like to ask the gentleman from Pennsylvania how much time is desired on that side.

Mr. RANSLEY. On this side we would like to have the full 30 minutes.

Mr. BANKHEAD. I am very glad to yield to the gentleman 30 minutes.

Mr. RANSLEY. I yield 5 minutes to the gentleman from Indiana [Mr. GREENWOOD].

Mr. GREENWOOD. Mr. Speaker and Members of the House, the Rules Committee, in presenting this resolution, has no other desire except to facilitate the immediate passage of this act from the Agricultural Committee dealing with farm credits and loans, believing that an emergency exists and that it should be passed with as little delay as possible.

Some might interpret the resolution as being a tight rule, sometimes called a gag rule. But we must recognize that in this day of emergency great party responsibility rests with the Democratic Party. The President has proposed this emergency measure in order to get action, and to get it quickly. We feel that the House should pass this Federal Farm Loan Act in order that it can be gotten into operation at the soonest possible moment.

A desperate situation exists in the country in reference to farm mortgages and indebtedness. Mortgages are being foreclosed and homes taken away, and we recognize that this measure is one that will give the greatest amount of relief to the farmers who are in debt on their homes and are threatened with foreclosure proceedings. The proposal also provides means of redemption of farm mortgages already foreclosed.

We may differ somewhat as to the details of the provisions of a bill like this. Some may think that the interest should be 2 percent, some 3 percent, and some 4 percent. There may be a difference in the mechanics as to how the bill should operate, but it strikes me that the time should come when we should compromise the differences and pass a measure that will grant to the Commissioner under the governor of the Federal farm credits that has lately been set up by Executive order power, authority, and latitude to bring all of these loan agencies under one control, to work out a uniform system that will give the farmer the advantage of refinancing his mortgage, and doing it quickly, allowing the Commissioner the opportunity to sell the securities to raise these funds at the lowest possible rate of interest, fixing the maximum rate, but leaving a leeway to issue them at a lower rate, if possible.

I appreciate that there is a great variance of views in regard to a measure like this. Some may have the slant of the borrower, and believe that the provisions of the bill should look to the lowest rate of interest, and everything possible to allow the farmer to obtain the best possible terms. We all want that, but, on the other hand, the money that shall be used to refinance these loans must come from somewhere. It must come from the people of our country, the money of investors, and we have to take them into consideration. We want a well-balanced bill, that will operate on a practical basis, not only for the borrower but for the man who invests in these securities.

We appreciate that there has been a great depreciation on the value of farm securities, and stabilization must be worked out under the mechanics of this bill. We should take a broad-gage view of this as a practical provision that will look to the rehabilitation of the farmer. We know we have reached a crisis, we have reached a situation that is so desperate that an emergency exists, and we must act and act quickly in order to save the agriculture interests of the country in order to save the farmers of America. Every

nation builds its civilization upon those who live upon the farms. If the farm is to be destroyed, if the farmer's home is to be taken away from him, and he is to be turned into the ranks of the unemployed, to swell the number that exists already in the cities, then we have reached the situation in our civilization where decadence is on the way and where we must acknowledge that the future of America, indeed, is in peril.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

The SPEAKER. The time of the gentleman from Indiana has expired.

Mr. BANKHEAD. Mr. Speaker, I yield the gentleman 1 minute more.

Mr. SNELL. I take it from the gentleman's statement that he is supporting the rule just the way it is brought in here?

Mr. GREENWOOD. Yes.

Mr. SNELL. And that is under Democratic responsibility?

Mr. GREENWOOD. That is right.

Mr. SNELL. Is it going to be the policy of the Democratic majority to always take every single measure that comes from the other end of the Avenue as it is, without any consideration whatever by the House of Representatives?

Mr. GREENWOOD. Oh, the gentleman is asking me a question as to future measures which I cannot answer. We will take them and handle them in the best way that we deem advisable when they come, but this measure is a House measure, and we are endeavoring to pass it without regard to the other end of the Avenue.

Mr. SNELL. The gentleman is not allowing any amendments to be offered to the bill. Is not that correct?

Mr. GREENWOOD. That is correct.

Mr. SNELL. That has never been the procedure in this House in the consideration heretofore of any farm measure, has it?

Mr. GREENWOOD. Oh, I do not know about farm measures.

Mr. SNELL. I am asking about farm measures.

Mr. GREENWOOD. Oh, I remember a great many more measures which the gentleman's party thought were emergency measures, for which was provided a rule—many measures, and what is the difference whether it be a farm measure or some other measure if an emergency exists?

Mr. SNELL. But this is fixing the policy of this Government for possibly 50 years to come.

The SPEAKER. The time of the gentleman from Indiana has again expired.

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from Massachusetts [Mr. MARTIN].

Mr. MARTIN of Massachusetts. Mr. Speaker, it is not my purpose to oppose the consideration of this legislation at this time. I fully realize the mortgage situation is a great national problem which confronts not only the farmers, but the owners of city property as well. It is a problem that ought to be before the American Congress at this time and I trust this bill will be followed by a similar measure to aid the distressed home owners. I rise simply to make my protest against its consideration under this gag rule which has been reported by the Committee on Rules. The gentleman from Indiana [Mr. GREENWOOD] says the rule was reported with the one purpose of expediting the passage of this legislation. If that be true, I would not want to get up on the floor of this House and admit that with a majority of 200 I was unable through party discipline to get action. If this is an emergency, the measure can be handled in the regular and orderly way and speedily passed.

What does the rule provide? I am explaining the situation which confronts us because some of the new Members of the House who have been here but a few weeks will never know, unless there is a change in the tactics of the Democratic leadership of the House, what it is to consider a bill in the proper way, and I am afraid that some of us older Members will forget how it is done. This rule provides, first, there shall be no amendment offered to the bill. It provides, further, every point of order shall be waived, and there is

but one opportunity to make a motion to recommit. True enough, the rule gives all the time possible to talk. We can talk, but there is not a single Member of this House who can register his individual opinion on this important legislation which establishes a permanent Government policy.

What has been the history of this bill as far as it has gone? It has been before the Committee on Agriculture a few days. Only a few people had an opportunity to go before the committee and give expression to their views. It was before the Rules Committee and only the chairman in charge of the legislation had an opportunity to make a statement. I ask the Membership of the House, and particularly I ask you on the majority side of the House, how long are you going to permit the Congress to just be a rubber stamp for a few men who do not even have a seat in Congress? Is there not someone in this House who has been living with this agricultural problem for all these years who has the knowledge, if he had an opportunity, to present an amendment which would make this bill a far better bill for the farmer? Personally, I think there is, so I ask you liberal Democrats, you progressive Democrats, you Democrats who want to preserve the integrity of the House, to vote down the previous question, so that we may proceed to consider this bill in an orderly way, under the 5-minute rule, subject to amendment. Let us, at least in this one instance, be able to go out and say we had a part in the framing of this legislation.

I want to call attention right here and now to the fact there have only been three bills on the floor of this House during this session that have been subject to amendment. There was the beer bill, the District of Columbia beer bill, and the reforestation bill, which had the opposition of the chairman of the committee itself. All the rest of the legislation was brought here under an airtight rule. The Democratic leadership has gone so far that for over a year we have not had a Calendar Wednesday call. Not one during the last session and not one during this session. In conclusion, I ask you progressive Democrats, you liberal Democrats, to join with us on this side of the aisle and vote down the previous question, and we will have this bill considered in the way in which it ought to be considered. [Applause.]

Mr. BANKHEAD. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. O'CONNOR].

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent to revise and extend my remarks.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. O'CONNOR. Mr. Speaker, it is always amusing when you hear a good old stand-pat Republican appeal to what he calls the liberal and progressive Democrats on this side of the aisle. I want to tell him that that means all of us. [Applause.] We are all liberals and we are all progressives. [Applause.]

Mr. SNELL. Will the gentleman yield for a question?

Mr. O'CONNOR. A real serious one; yes.

Mr. SNELL. I want to appeal to what I consider the conservative Democrats. I want to appeal to the statements that were made by the Chairman of the Rules Committee at the beginning of the Seventy-second Congress. He not only is a conservative Democrat but an honored Democrat. I want to refer to the statements made by him, and then watch you vote on the previous question today.

Mr. O'CONNOR. In answer to the gentleman, if the gentleman uses the word "conservative" in the Republican sense, let me tell him there is no such person sitting on this side of the aisle. [Applause.]

Mr. SNELL. I will use it in any sense the gentleman wants to use it. I am not particular. I use it in the liberal sense or the conservative sense, but I am referring the gentleman to the statements made by the leaders of the Democratic Party at the beginning of the Seventy-second Congress, and you will eat those words if you vote against the previous question here today, and the gentleman knows it.

Mr. O'CONNOR. Well, we have had some experience with the tenders on the minority side in the last session of this

Congress and in this Congress as to "cooperation"; and we heard some statements on the floor the other day that we must give due "consideration" to the measures hereafter brought in. Well, that is the old adage about "the Greeks bearing gifts." I have already seen in this present session where the minority side, under a pretense of "cooperation", was trying to scuttle the ship. I refer you only to the reforestation bill considered recently, when Members, with no sympathy with the measure, were offering amendments to make it all the more difficult for the people of the country to accept it.

I will never forget the time when we brought in the domestic-allotment plan wide open to amendments; how the minority sat with great glee and added minor commodities and voted in every possible way to make that measure ineffective, and then sat back and chuckled and said, "See how we are 'cooperating' with you."

Mr. SNELL. Will the gentleman yield for a further question?

Mr. O'CONNOR. I yield.

Mr. SNELL. Does the gentleman mean to tell the country that he has not enough confidence in the 200 Democratic majority to put through in open debate, subject to amendment, in this House, an administration measure?

Mr. O'CONNOR. Oh, we have heard no demand before the Rules Committee—

Mr. SNELL. You did not give any opportunity.

Mr. O'CONNOR. Now, let me answer the gentleman without any heat. I know the Republicans feel in great heat these days. They have gone through such—I was going to say destruction, but at least "embarrassment" during the last few years.

Mr. SNELL. There is no embarrassment here at present.

Mr. O'CONNOR. But let us keep cool about it. There has been no demand, as far as I know, from the Democratic side for amendment, but the demand for committee amendments came from a Democrat, and that was put in the rule. We feel that our Democratic committee, supported by all except two Republicans, I understand, who have lived with this measure, know best what amendments are proper.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. FITZPATRICK. Is not this the same kind of rule that was brought in by the other side on the Smoot-Hawley tariff bill?

Mr. SNELL. Oh, no; it is not the same kind of rule or the same kind of bill, and the gentleman knows it.

Mr. FITZPATRICK. The only amendment that could be offered was an amendment offered by the committee during the consideration of the Smoot-Hawley tariff bill.

Mr. SNELL. We provided for 4 days reading that bill.

Mr. FITZPATRICK. But I am talking about the rule on amendments.

Mr. SNELL. This bill is not even going to be read for amendment. I am willing to discuss the rule on the Hawley-Smoot bill.

Mr. O'CONNOR. The gentleman from New York [Mr. FITZPATRICK] is only partly confused. What he may refer to is the vote on the conference report where we could not separate the items.

[Here the gavel fell.]

Mr. BANKHEAD. Mr. Speaker, I yield the gentleman from New York 3 additional minutes.

Mr. O'CONNOR. They could not separate the items. They worked in the lumber fellows, the oil fellows, and the coal fellows. They had to vote for all of the items without any possibility of separation.

Mr. SNELL. Mr. Speaker, will the gentleman yield further?

Mr. O'CONNOR. Yes.

Mr. SNELL. Separate votes were had upon them. They were considered on the floor of the House and voted into the bill.

Mr. O'CONNOR. En bloc.

Mr. SNELL. Let me ask the gentleman another question—he has not answered my first one yet—does the gen-

tleman mean to tell the country he is afraid to trust his 200 majority in the consideration of the bill?

Mr. O'CONNOR. Oh, not at all.

Mr. SNELL. Then why not open it for amendment?

Mr. O'CONNOR. We were afraid of attempted sabotage against this bill for political purposes by the Republican Party.

Mr. SNELL. I am glad the gentleman gives us credit for having so much influence in the House. One to three; this shows we are a good deal more important than the gentleman's party.

Mr. O'CONNOR. It is not authoritative, it is just confusing. It would have no real substantial effect; it would just delay this measure, and we want to get it through this week.

Mr. SNELL. Will the gentleman give us 4 hours to read and amend the bill instead of 8 hours to talk on the bill?

Mr. O'CONNOR. Let me conclude—

Mr. SNELL. Answer my question.

Mr. O'CONNOR. Let me conclude by saying that we Members from the great industrial centers of the country again are willing to support farm relief. We realize the plight of the farmers. We realize they are overburdened with mortgages. But we ask you gentlemen not to forget, when the other item of the administration program is presented, to take care of the home owners in our cities and urban communities—to give them aid.

I suppose there is no more distressing event in a person's life, except it be death, than to have his home foreclosed and he and his family be evicted on the streets.

We want to help the farmers. We ask you simply, when the occasion arises, that you help our people in the cities and the suburban developments to save their homes so they may live in the comfort to which they have been accustomed and keep up our standard of living in this Nation. [Applause.]

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. MAPES].

Mr. MAPES. Mr. Speaker, I want to say at the outset that I am in favor of the objects sought to be accomplished by this legislation.

I believe one of the crying needs of the times is a refinancing and a cutting down of the mortgage indebtedness of the country. This bill goes part way and proposes to refinance and to cut down the mortgage indebtedness of the farmer. I think it should be more liberal and more comprehensive. It should include the mortgage indebtedness of the home owner in the cities and villages as well as on the farms.

I have not had time to study carefully the bill, and I am sure no one in the House has, because the printed copy of it was available only today, and the report of the committee on it was available only a few minutes ago; but unless the debate discloses that there is something in the legislation that is grossly objectionable, I expect to vote for it at the end of the consideration of it. But it goes without saying I am opposed to this rule. I am opposed to this closed or gag rule. As I said once before during this session, this Congress has passed more gag rules during the short time it has been in session than have been passed by the House of Representatives before in a generation. This Congress was elected as a liberal Congress, yet in the passage of rules making legislation in order it has been most unliberal and most reactionary.

We have gone a long way in this respect in the last number of years. When I first came here, I remember the consideration of the Underwood tariff bill under the leadership of that great statesman, the leader of the Democratic majority in the House at that time, the gentleman from Alabama, Mr. Underwood. The Democrats in that Congress, although their majority was not as great as it is now, did not attempt to consider even a tariff bill under a closed rule. They did hold a caucus and bound the members of their caucus to vote against any amendments that were not proposed by the Committee on Ways and Means; but I submit to the Democratic Members of this Congress that your

leadership does not give you an opportunity to consider this and other legislation in caucus even. It brings in legislation under a gag rule which does not permit it to be read under the 5-minute rule. The rule is considered only by the members of the Committee on Rules, and the House is obliged to vote it up or down as submitted by that committee.

This legislation, although the gentleman from Indiana very properly says there may be a great variance of opinion about it, and although it attempts to lay down a policy that is new and very far-reaching, is going to be considered here and voted upon without any opportunity to offer or to vote upon any amendment except such as may be proposed by the Committee on Agriculture.

Why should not the House of Representatives during this session legislate deliberately after debate and consideration the same as in any other session? Let me say with all sincerity and with all earnestness that I think the consensus of opinion of the Membership of the House of Representatives after debate and after due consideration will work out a better bill than any committee or any one individual can propose without such help. If we vote down the previous question on the rule, then there will be an opportunity to amend it so as to require the bill to be read under the 5-minute rule and open to amendment. In that way the bill may be perfected and those who want some changes in it will at least have an opportunity to offer amendments and to express their views about them. If that is not done, then it is just a waste of time to take 8 hours' general debate on the bill. If that is not done, the debate might as well be limited to 15 minutes and the legislation voted up or down at the end of that time. The rule should either be changed or the time for general debate might just as well be materially cut down.

[Here the gavel fell.]

Mr. BANKHEAD. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois [Mr. DOBBINS].

Mr. DOBBINS. Mr. Speaker, as a friend of the farmer and coming from a farming district and knowing the farming needs, I want to deplore the partisan character of this discussion. When it comes to a question of relief for the farmers this middle aisle here does not mean a thing. There is just as big a proportion of friends of the farmer on one side of this aisle as the other.

I want to commend the strategy of the friends of this rule on my side of the House who pretend that this is a partisan question and in the same breadth I must withhold compliment to the gentlemen on this side who fall into the same error.

This is not a partisan question, and I may say to the men here in this House who want the oppressed owner of mortgaged land to have relief that you should realize that you are deciding that question when you vote on this rule. I do not suppose many of you have read the bill completely. I have read it and I have read the Senate bill, and I may say to my friend from New York that it differs from the Senate bill and is more liberal than the Senate bill, but it is not by any means liberal enough.

I am not against the bill that comes from the committee. I am going to vote for it if it is the best we can get. I am going to vote for it because I believe that half a loaf is better than none, or to use a more accurate simile, because even a crumb is better than half a loaf.

The man on the farm who has his land mortgaged and needs relief is the man whose land is mortgaged almost, if not wholly, to its full value. Do you know that this bill that comes here will not extend any relief whatever to him? The only man owning a farm who can derive any benefit from this bill is a man who is able to offer \$2 of security for every dollar he borrows, and add to that \$5 of security in the way of improvements on his farm for every additional dollar that he borrows.

Is this farm relief? Is this relief for the mortgagors? I defy anyone who favors this rule to explain how this can help the oppressed owner of mortgaged land.

Do you call this measure Government relief for the farmer? The Government does not risk one thing under

this bill. The man who takes the risk or the organization that takes the risk under this bill is the Federal land bank; and if the Federal land bank makes an unwise mortgage, they, and not the Government, will lose. The Government does not guarantee them against one cent of loss. As a consequence the wise men who run these banks are not going to make risky mortgages, and the farmer who needs relief is not going to get it.

This bill reminds me of the egg that was served to the young pastor calling upon one of his parishioners. The egg had been neglected too long between the time it was laid and the time when it was brought to the table. He did not seem to enjoy it, and his hostess said, "What is the matter, pastor, do you not like your egg?" He thought for a moment of some courteous reply and said, "Oh, yes, madam; parts of it are very good." [Laughter.] This is the condition of the bill that we are to debate here for 8 hours. There is not any use of debating this bill if we cannot liberalize it for the man who needs this money and needs it now. No emergency calls for a rule that shuts off amendments that will make it fit for the farmer, because if it is an emergency it is an emergency that is 12 years old, and we should not be discovering it right now.

I may say to you that as a measure of relief for the farmer this bill is a gold brick, and I come from a part of the country where we at last know a gold brick when we see one. I know the Members of this House well enough to know that there is not one of you who would consciously offer to the oppressed farmer of this Nation a gold brick; and I tell you again that when you vote upon this rule, then, and not at the end of 8 hours of futile debate are you deciding whether or not you are going to give to the farmers of this country any real mortgage relief.

Mr. KELLER. How should we vote?

Mr. DOBBINS. Vote against the motion for the previous question, and vote against this rule in the interest of the farmer. [Applause.]

[Here the gavel fell.]

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from New Jersey [Mr. LEHLBACH].

Mr. LEHLBACH. Mr. Speaker, I listened with a great deal of interest to the gentleman from Illinois, who has just taken his seat. I believe he voiced the views of a large number of the Membership of this House. We on the Committee on Rules who opposed this rule are not opposed to the consideration of this measure. We are for the consideration of the measure, and the most of us are for the measure.

But there is no emergency as was the bank situation on the day of inauguration. It seems to be the practice of the leadership of the majority in this Congress to entirely wipe out the normal functions of the House of Representatives and allow us merely to vote yes or no on the completed measure without an opportunity to consider, deliberate, and make suggestions with respect to changes.

This bill is 23 pages in length. It is a matter of great importance. It is not a perfect bill. If they considered it a perfect bill, they would not have amended the resolution, which was absolutely closed when it was introduced. But they had this language added:

No amendment shall be in order to said bill.

And here is the new language:

except amendments offered by direction of the Committee on Agriculture, and said amendments shall be in order, any rule of the House to the contrary notwithstanding.

If this were a perfect measure, why throw it open to amendment by the committee that has just reported it? It is a hastily drawn measure, brought here for consideration on the floor, and amendments by whom? Only by those who have predetermined what the majority of the House must do.

There are persons in the city today, representatives of agricultural interests from various States in the great agricultural sections of our country, and these people are not satisfied with all of the provisions of this measure and have suggestions to make. When their suggestions are not given

consideration, when they are not permitted to be made, what is a Member representing the district from which these people come going to say? "I am a Member of the House of Representatives. I have been elected by you to take care of your interests. Here is a bill vitally affecting you, and you want certain modifications of the bill. I am so weak and pusillanimous that I will not permit myself to act on your suggestions in the House."

Mr. SHANNON. Will the gentleman yield?

Mr. LEHLBACH. I yield.

Mr. SHANNON. I call the gentleman's attention to the fact that we are not permitted to amend the amendment offered by the Agricultural Committee.

Mr. LEHLBACH. That is true. I tried to make my remarks as brief as possible, and therefore did not mention that. Why, gentlemen, it has come to this point in this body for us to ask, Who is running the House of Representatives—3 or 4 leaders or the collective Membership who are supposed to be free to exercise their judgment and represent the wishes of their constituents? Vote down the previous question, and if there are any differences iron them out on the floor.

Mr. SNELL. Will the gentleman yield?

Mr. LEHLBACH. I yield.

Mr. SNELL. As a matter of fact, instead of this being an emergency, is not this fixing a Government policy in regard to these matters for a period of 30 or 40 years?

Mr. LEHLBACH. Permanently. It is not any unforeseen emergency.

Mr. McGUGIN. Mr. Speaker, will the gentleman yield?

Mr. LEHLBACH. Yes.

The SPEAKER pro tempore. The time of the gentleman from New Jersey has expired.

Mr. RANSLEY. Mr. Speaker, I yield 3 minutes more to the gentleman from New Jersey.

Mr. McGUGIN. Is it not true that the man or woman who sits here on this floor today and votes for this rule is guilty of gross deceit and hypocrisy when he goes out home and says that he was not satisfied with the bill and wanted a better one, when in fact he voted to make it impossible to better this rule?

Mr. LEHLBACH. That is true; but as a previous speaker said, this bill carries no relief to the man who is in a hole today, because he cannot pay his mortgage.

Mr. BYRNS. Mr. Speaker, will the gentleman yield?

Mr. LEHLBACH. Yes.

Mr. BYRNS. The gentleman has been a Member of the House for a great many years. I think he was a Member during the entire time that the Republican Party was in control of the House of Representatives. I ask the gentleman whether he ever voted for a rule during all that time, proposed by his own party, which cut off the right of amendment?

Mr. LEHLBACH. I presume I have, but circumstances alter cases.

Mr. BYRNS. And if he has not a number of times voted for just such a rule, which denied the right of amendment, including important bills like the tariff bill?

Mr. LEHLBACH. Oh, no; I do not recall ever having voted for a rule on a tariff bill that precluded amendment.

Mr. BYRNS. But the gentleman voted for a rule which provided a subterfuge and which gave to the committee the right to propose amendments, thereby denying such right to the individual Members of the House.

Mr. LEHLBACH. That is a construction which the gentleman places upon that rule and I do not agree with him. But the gentleman from Indiana [Mr. GREENWOOD], a member of the Committee on Rules, in his opening address said this, and if this is not the quintessence of irony, I do not know what it is. He said some want a little different rate of interest, and some want a little difference in the mechanics of the bill, and so, let us compromise. How are they compromising? How are they composing these differences? It is done by saying to those who wish to suggest something else, you are not even permitted to make a suggestion with regard to the changing of a single word, the dotting of an

"i" or the crossing of a "t" in this bill. Anyone who represents farmers who have other views which they want him to express on this floor is a coward if he does not vote down the previous question. [Applause.]

Mr. BANKHEAD. Mr. Speaker, I yield 5 minutes to the gentleman from Virginia [Mr. WOODRUM].

Mr. WOODRUM. Mr. Speaker, in 10 years' service in the House one's viewpoint changes materially. I have recalled during this special session with some degree of amusement the first speech that I ever made when I became a Member of the House. In fact, I became so much interested in it that I dug up the CONGRESSIONAL RECORD and read it, and I find that it was a very vehement, though I fear not impressive, protest against a so-called "gag rule" that our friends the Republicans were forcing down the throats of us Democrats. My good friend from New Jersey [Mr. LEHLBACH] has just summed up the whole situation with reference to one's viewpoint on this gag rule when he said in answer to a question by the gentleman from Tennessee [Mr. BYRNS], "Yes; I presume I have voted for such, but circumstances were different." Of course they are different. For 10 years we Democrats have been gagging, and now you gentlemen are gagging.

Mr. LEHLBACH. Mr. Speaker, will the gentleman yield?

Mr. WOODRUM. Not now. I shall in a moment. On November 8—and I say this with all kindness—the people of the country gagged. They gagged because the dose you gentlemen were giving them was a little too much to swallow, and they wanted a little different remedy for the ills of the country. I agree with everything my friends say about the desirability of orderly consideration of legislation and the free right of amendment; but, gentlemen, this bill is sent to this Congress in compliance with a solemn pledge made to the people of America by Franklin D. Roosevelt. Those of us who have been here for a few years know that probably there could be 435 different proposals or plans in this House now for the relief of the farmer. Each of us has his own ideas about it. For 11 years we have talked and tried to legislate for the farmer. We voted for the Farm Board, for Mr. Hoover, and it did not get us anywhere. Other efforts have been made and other plans suggested. Mr. Roosevelt said to the farmers of America, "If you trust me, I can lead you back in the ways of peace, happiness, and prosperity." This bill is Franklin D. Roosevelt's bill; it is a part of his plan to help the farmer; and the Democrats of the House, if I interpret their attitude aright, are perfectly willing and satisfied to trust the leadership of the President and the leadership of the distinguished Chairman of the Committee on Agriculture, Mr. MARVIN D. JONES, and his colleagues on that committee who have approved the bill.

Mr. LEHLBACH. Mr. Speaker, will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. LEHLBACH. The gentleman said that now the Republicans are being gagged. Does the gentleman not know that he is gagging a large proportion of his own membership?

Mr. WOODRUM. I do not think so.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. WOODRUM. In a moment. I have no doubt that many of my colleagues on both sides of the aisle are perfectly sincere in their effort to help the farmer, and in that effort would do this, that, or the other to this bill, but where would we get? Here is an orderly plan, brought here after careful thought and consideration, and the administration that has been trusted by the people has a right to come before the country and stand or fall according to whether its own plan is able to bring the relief that it has promised to the people. I yield to the gentleman from New York.

Mr. SNELL. If the gentleman has such unlimited confidence in the Members of his own side, why has he not confidence enough to let them vote down any amendment in open House that might be offered to the bill?

Mr. WOODRUM. The Democrats feel—and when I say Democrats I mean the leadership, because our leadership is unanimous upon it—that this bill is having orderly consideration. Here is a well-thought-out plan for relief of the

farmer we have talked so much about and, I fear, done so little about. It is a plan that goes to the very heart of the trouble. It helps the farmer, who finds himself with no market for his crops, and his property covered in mortgages that he cannot pay, or on which he cannot pay the interest charges. It helps him refinance himself.

It is brought here; the President has asked for it; the Committee on Agriculture has considered it; they have put their stamp of approval upon it, and now we bring it here. I say it is orderly consideration when we say to you gentlemen that you may look at it and decide whether or not you will go along with us. Most of you gentlemen, although you are complaining about the method of procedure, are going to go right along and vote for this bill. Now, why do you not take the responsibility? If it is not a good bill, why do you not vote against it?

Mr. SNELL. I am not finding any fault with the bill, as far as I know, but I should like an opportunity to amend it; and I want to say another word to the gentleman, what is the use of spending 8 hours in futile talk if you do not intend to change one line of the entire bill?

The SPEAKER pro tempore. The time of the gentleman from Virginia [Mr. WOODRUM] has expired.

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from Maine [Mr. BEEDY].

Mr. BEEDY. Mr. Speaker, I have been a Member of this House for 12 years, yet I confess that I have never spoken when I felt there was so much at stake in a pending rule affecting the very character of the House itself. I have just had an opportunity to skim the speech of the present Chairman of the Rules Committee made at the opening of the Seventy-second Congress. He had then completed a service of 31 years. The result of his long experience led him to express his concern that the House had been controlled too much by 2 or 3 men. He referred to that control as autocratic.

Some of us today are concerned in that we think this House is gradually losing the characteristics of a representative body. The responsibility rests with everyone of us to fight to retain our representative rights, and I speak not as a partisan; what I say at this moment I would divorce from partisanship. I am decidedly jealous of the respect in the public mind for this, the lower House of the legislative branch of the Government. It has slowly been losing the respect of the public, and deservedly so.

For one reason, we seem to forget that session after session thousands of people come from hither and yon in this country, and from these galleries look down upon a scene of gross disorder, a scene which would be a disgrace to the ordinary grade school. These visiting thousands go back home and report the disorder to others. Naturally they are at a loss to understand how we are able to give any deliberation to legislative problems. I do not wonder at it. That is one reason why we are losing public confidence.

The second reason is that we are yielding, little by little, every vestige of the power truly to consider legislation on this floor. The responsibility for leadership always rests heavily with the majority party. The party program must be completed, and frequently time is of the essence. This is particularly true when bills comprising more than 100 pages are being considered. Take the last tariff bill for example. It involved the holding of hearings running through weeks; it required nearly a week of consideration under general debate. Time was in such a case of great importance. The rule employed in considering the Smoot-Hawley bill, of necessity, limited the right to amend. Only members of the Ways and Means Committee were given the right to offer amendments on the floor, but the rights of Members were protected in this way: While general debate continued, the Ways and Means Committee was in session every forenoon for the sole purpose of permitting Members to propose amendments. In many cases the amendments proposed by Members were accepted by the committee and introduced by it on the floor of the House.

Thus the rights of Members to represent their constituents were preserved.

But never since I became a Member of this House have I known of a rule like that at present proposed, which prevents a Member from proposing even an amendment to a committee amendment on this floor. The proposed rule prevents it, as the gentleman from Missouri has said, and I call it a gagged gag rule. This is the rule which the leaders of the majority party propose to govern the consideration of its farm-relief measure, a measure of tremendous consequence, not merely for the next year or two, but for a generation.

This farm-relief problem has been concerning us for 12 years, to my knowledge. At the beginning of the Sixty-seventh Congress the first thing the Republican Party tried to do was to bring relief to the farmers through a revision of the tariff. From that day to this the best minds of the country have been seeking some means through legislation to help the farmers. I do not think the cost of agricultural production and distribution, the stabilization of agricultural markets, and the control of surplus world production, all of which must be adjusted and righted before farming will be profitable—I say I do not think these things can be accomplished by passing laws. True, the financial burden under which the farmer now labors, the carrying of a mortgage which in many instances exceeds the value of the farm itself, is undoubtedly a fundamental agricultural difficulty which law may remedy. I am, therefore, in sympathy with the aim of the measure which the proposed rule makes in order. However, I submit that the proposed rule, which gives the Members of this House no right to propose a single amendment, which provides for general debate of 8 hours, in which Members may express their views but renders them powerless even to propose that their views shall be written into law, I submit that such a rule should be voted down. It robs this House of its representative and deliberative character.

You tell us that we should not take the time to amend. That is not a tenable excuse. If this farm-relief program is important, as, indeed, it is, why did you not consider it last January? Why did you postpone it while the sale of beer was being legalized, while the repeal of the eighteenth amendment was being discussed, while time was taken to consider all the other ills of the country and agriculture waited? Now, I say it is not right to force gag rule upon us on the ground there is not time to consider proposals of Members designed to improve the proposed farm-mortgage legislation. I protest against the rule and shall not support it. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from Maine has expired.

Mr. RANSLEY. Mr. Speaker, I yield 3 minutes to the gentleman from Iowa [Mr. DOWELL].

Mr. DOWELL. Mr. Speaker, I expect to vote for this bill. I want to suggest to the membership of the House, however, that it is the first time in my experience in this House where a bill relating to agricultural problems has been forced through or attempted to be forced through without an opportunity of amendment. Many farm bills have been considered by this House, but they have always been open for amendment and improvement. There can be no harm in submitting this bill for such amendments as may be offered for its improvement. I apprehend some good amendments will be offered, and it seems to me this House ought to have the opportunity of considering and accepting a good amendment when it is offered. For one, I want to emphasize that we should vote down the previous question and amend the rule, and give an opportunity for any Member to present an amendment that he believes will help the farmers of this country. This bill affects every farmer in the United States, and they have the right to any good amendment that can be offered to this bill which will improve their condition.

I am hoping that this House will see fit to give the Members an opportunity to present amendments to this bill, that they may have consideration on the floor. I hope the motion for the previous question will be voted down, and that

the rule may be amended before it is adopted allowing consideration of these amendments.

Everything that can be offered which will improve the condition of the farmers of the country should be presented. They are in dire need of assistance, and we should give them all the help we are able to give them. And we should give this to them now.

The SPEAKER pro tempore. The time of the gentleman from Iowa [Mr. DOWELL] has expired.

Mr. RANSLEY. Mr. Speaker, I yield 4 minutes to the gentleman from Kansas [Mr. MCGUGIN].

Mr. MCGUGIN. Mr. Speaker, I think I can stand on this floor and address myself to a subject without every word I utter being discounted by the cry of partisanship. I am reasonably liberal. I do not always go along with my party on every matter. I have been going along to an exceedingly great degree with the administration in this emergency program.

I shall not direct my remarks to the Republican membership, because I do not believe it is necessary. I shall confine my remarks primarily to the Democratic membership of this House, because it is you Democrats who are voting for these rules.

You are now voting upon a rule, the very terms of which provide that you as individuals cannot offer one word of improvement to this bill. You Democratic Members of this House, when the farm bill was before us, passed a rule which made it utterly impossible to amend or improve the farm bill.

If this rule passes today, you Democratic Members are by your votes voting for a rule that makes it utterly impossible to offer one amendment to this farm mortgage bill. Reduce this to its honest-to-God truth and here is what it is: When you, you Democratic Members of this House, voted for a rule which would not permit a single amendment to the farm relief bill, then and there you declared yourselves in solemn terms as standing upon that farm bill in all its respects. Every Democratic Member who voted for the rule which made it utterly impossible to amend the farm bill, makes himself a fraud and a deceiver if he goes out to his people and says that that farm bill does not suit him in its entirety. It must, of necessity, have suited you Democrats in its entirety or you would not have voted for a rule making it impossible to amend the farm bill.

Now, coming back to this bill today, every Democrat who votes for this rule votes that this bill shall not be amended in any respect; and when he does this he must stand before his country as unqualifiedly satisfied with this mortgage relief bill as it is, without any changes.

Let me say to you Democratic Members from farm sections that if you vote for this rule and then you start writing letters to your farmers telling them that this was the best you could get, you are not writing the truth back to your constituents. You could have gotten something better, except that you voted for a rule which made it impossible for you to get anything better. My remarks have here been addressed to you Democrats, because in a spirit of "party bootlicking" you are the ones who are voting for these rules which prevent any amendments to these farm bills. [Applause.]

[Here the gavel fell.]

Mr. BANKHEAD. Mr. Speaker, we have heard a good deal said during the course of this debate in criticism of the action of the Democratic leadership on this bill and of the action of the Rules Committee with reference to the form of this rule, most of which criticism came from the Republican side of the House.

Because the matter may come up hereafter, I want now once and for all to lay this ghost they are seeking to have walk here before some of the new Members this morning with reference to the innocence of the Republican leadership when they were in power on this question of gag rule. I want to cite the RECORD, because a number of us were here when this bill for the consideration of what the gentleman from New York [Mr. SNELL] calls the "Hoot-Smalley" bill came up for consideration. I want to show you gentle-

men of this House that the very things we are offering in the consideration of this bill today is but a following of the distinguished precedents set by the Republican Committee on Rules for the consideration of that bill. The RECORD cannot be denied. The gentleman from New York, the gentleman from Massachusetts, the gentleman from New Jersey, and the gentleman from Maine will remember that rule. Here is what it provided. Remember that there was a bill called up by the Republican Committee on Ways and Means at a special session of Congress called by a Republican President to undertake some relief for the farmers of this country. That is what it was.

The purpose of that bill was to undertake to give relief to the farmers of this country. What did that bill provide? It was not a bill like the one now pending, a bill of 22 pages, but a great voluminous bill containing hundreds of pages and involving many hundreds of schedules upon which the minds of Members of this House would certainly differ, yet the distinguished gentleman from New York, now the minority leader, then the Chairman of the Committee on Rules, brought in a rule providing so many hours of general debate on that bill, providing the time when the final vote should be taken on the bill, and the following liberality of amendments that might be proposed.

Mr. MAPES. Mr. Speaker, will the gentleman yield?

Mr. BANKHEAD. No. Let me get this embalmed in the RECORD so there will be no dispute about it hereafter.

Here is what the rule provided. I will read that part of it:

That general debate on the bill do now close. That the bill shall be considered for amendment under the 5-minute rule.

Mark carefully what follows:

But committee amendments to any part of the bill shall be in order at any time.

Now, let me show you how they took advantage of that so-called "liberal rule" with hundreds of pages of this bill to be considered—and I see my friend SNELL smiling at the ingenuity he exercised when the bill came up. My friends, under that rule for amendment I want to show you here in the RECORD how much of the Smoot-Hawley bill was read for consideration. There it is, that one paragraph only, because they so manipulated the time and so manipulated the so-called committee amendments that the effect was absolutely to deny to the Members of the House any opportunity to amend the bill.

If I have not stated the RECORD correctly I yield now to be corrected.

Mr. MAPES. Mr. Speaker, will the gentleman yield?

Mr. BANKHEAD. I yield.

Mr. MAPES. The gentleman from Alabama is always fair. It may be admitted that as a practical matter both parties in the consideration of tariff bills have found it necessary to bring in rules somewhat limiting the opportunity to offer amendments to tariff measures.

Mr. BANKHEAD. Do not take too much of my time; ask a question if you want to.

Mr. MAPES. Does the gentleman know of any rule the Republican Party ever brought in limiting the opportunity of offering amendments to a big legislative bill such as this?

Mr. BANKHEAD. As I said a few days ago here in this House, I have been here a long time. All I ever learned about gag rules was from being a minority member of a committee under Republican control.

Mr. SNELL. The gentleman will agree that he had a good teacher.

Mr. BANKHEAD. And the gentleman from New York ought to be very much gratified that he has lived to see the time when even Democrats follow the illustrious precedents set by his committee when he was in charge of it.

Now, enough about this.

Mr. SNELL. Will the gentleman yield for just a short question?

Mr. BANKHEAD. Yes; I yield to the gentleman.

Mr. SNELL. I just want to ask what position the gentleman and the other Democratic leaders took on the very rule which the gentleman has been criticizing?

Mr. BANKHEAD. We did just as you are doing now. [Laughter and applause.] We got up here and made a hypocritical pretense of opposing the rule. That is what we did exactly.

Mr. BEEDY rose.

Mr. BANKHEAD. Oh, the serious-minded gentleman from Maine rises, and the gentleman says he has been here for 12 years and never in all his long experience, on a great proposition affecting agriculture and the farmers of this country, has he seen such high-handed procedure followed in this House.

Mr. Speaker, what the farmers of this country are complaining about, and the complaint they registered last November is that during the 12 long years when your party had control of the Government of this country it did absolutely nothing of a practical nature to relieve agriculture in this country, although it made some gesture to that effect [applause], and what the Democratic Party is undertaking to do through this bill and through this administration program is to meet a desperate and critical situation by seeking to give the home owners of this country—the farmers in this bill and the city dwellers in the bill soon to be sent up—an opportunity to reduce the interest rates upon their loans, an opportunity to make compositions with their creditors, and an opportunity to pay the necessary amount to save their homes from foreclosure and loss.

This is what is involved in the pending bill. All this talk about this rule is merely partisan and captious criticism upon the part of those on the other side.

We have brought a bill here that has been maturely considered by a great committee of this House that is interested in farming and the leadership here, the Speaker, the gentleman from Tennessee, and the chairman of this committee, and the Democratic members of the committee, ask you Democrats to go forward in our program and to pass this bill and get it enacted into law at the earliest possible moment. [Applause.]

Mr. Speaker, I move the previous question on the resolution.

Mr. SNELL. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 254, nays 130, answered "present" 1, not voting 45, as follows:

[Roll No. 11]

YEAS—254

Abernethy	Church	Fitzpatrick	Kocialkowski
Adair	Clark, N.C.	Flannagan	Kopplemann
Adams	Cochran, Mo.	Fletcher	Kramer
Allgood	Coffin	Ford	Lambeth
Arnold	Colden	Fuller	Lamneck
Auf der Heide	Cole	Gambrill	Lanham
Ayers, Mont.	Collins, Miss.	Gasque	Lanzetta
Ayres, Kans.	Colmer	Gavagan	Larrabee
Bankhead	Condon	Gillespie	Lea, Calif.
Beam	Cooper, Tenn.	Glover	Lee, Mo.
Belter	Corning	Goldsborough	Lehr
Berlin	Cox	Granfield	Lesinski
Biermann	Cravens	Gray	Lewis, Md.
Black	Crosby	Green	Lindsay
Bland	Cross	Greenwood	Lloyd
Blanton	Crowe	Gregory	Lozier
Bloom	Crump	Haines	Ludlow
Boehne	Cullen	Hamilton	McClintic
Boland	Cummings	Harlan	McCormack
Boylan	Darden	Harter	McDuffie
Briggs	Dear	Hastings	McFarlane
Brooks	Deen	Healey	McGrath
Brown, Mich.	Delaney	Henney	McKeown
Brunner	DeRouen	Hill, Ala.	McReynolds
Buchanan	Dickinson	Hill, Sam B.	Maloney, Conn.
Buck	Dies	Holdale	Maloney, La.
Bulwinkle	Dingell	Huddleston	Mansfield
Burch	Disney	Hughes	Marland
Burke, Calif.	Dockweiler	Imhoff	Martin, Oreg.
Burke, Nebr.	Doughton	Jacobsen	May
Busby	Douglass	Jeffers	Mead
Byrns	Doxey	Jenckes	Miller
Cady	Driver	Johnson, Okla.	Milligan
Caldwell	Duffey	Johnson, Tex.	Mitchell
Cannon, Mo.	Duncan, Mo.	Johnson, W.Va.	Monaghan
Carden	Durgan, Ind.	Jones	Montet
Carley	Eagle	Kee	Moran
Carpenter, Nebr.	Elcher	Kelly, Ill.	Morehead
Cary	Ellzey, Miss.	Kemp	Murdock
Castellow	Faddis	Kennedy, N.Y.	Musselwhite
Celler	Farley	Kenney	Nesbit
Chapman	Fiesinger	Kloeb	Norton
Chavez	Fitzgibbons	Kniffin	O'Brien

O'Connell	Rayburn	Shallenberger	Underwood
O'Connor	Reece	Sirovich	Utterback
Oliver, Ala.	Reilly	Smith, Va.	Vinson, Ga.
Oliver, N.Y.	Richards	Smith, W.Va.	Vinson, Ky.
Owen	Richardson	Snyder	Wallgren
Parker, Ga.	Robertson	Somers, N.Y.	Walter
Parks	Robinson	Spence	Warren
Parsons	Rogers, N.H.	Steagall	Weaver
Patman	Rogers, Okla.	Strong, Tex.	Weideman
Peavey	Romjue	Stubbs	Werner
Peterson	Rudd	Studley	West
Pettengill	Ruffin	Sutphin	White
Peyser	Sabath	Swank	Whittington
Polk	Sadowski	Tarver	Wilcox
Pou	Sanders	Taylor, Colo.	Williams
Prall	Sandlin	Thom	Wilson
Ragon	Schaefer	Thomason, Tex.	Wood, Ga.
Ramsay	Schuetz	Thompson, Ill.	Woodrum
Ramspeck	Schulte	Truax	Young
Randolph	Sears	Turner	
Rankin	Secrest	Umstead	

NAYS—130

Allen	Dowell	Kelly, Pa.	Shannon
Andrew, Mass.	Dunn	Kinzer	Shoemaker
Arens	Eaton	Knutson	Sinclair
Bacharach	Edmonds	Kurtz	Smith, Wash.
Bacon	Eltse, Calif.	Kvale	Snell
Bakewell	Englebright	Lambertson	Stalker
Beedy	Evans	Leibach	Stokes
Blanchard	Fish	Lemke	Strong, Pa.
Boileau	Focht	Luca	Swick
Britten	Foss	Lundeen	Taber
Brown, Ky.	Frear	McCarthy	Taylor, S.C.
Burnham	Gibson	McFadden	Taylor, Tenn.
Cannon, Wis.	Gifford	McGugin	Terrell
Carpenter, Kans.	Gilchrist	McLean	Thurston
Carter, Calif.	Gillette	McLeod	Tinkham
Carter, Wyo.	Goodwin	McMillan	Tobey
Cavicchia	Goss	Mapes	Traeger
Chase	Griswold	Marshall	Treadway
Christianson	Hancock, N.Y.	Martin, Colo.	Turpin
Claiborne	Hartley	Martin, Mass.	Wadsworth
Clarke, N.Y.	Hess	Merritt	Watson
Collins, Calif.	Hildebrandt	Millard	Welch
Connolly	Hill, Knute	Mott	Whitley
Cooper, Ohio	Hoepfel	O'Malley	Wigglesworth
Crosser	Hollister	Parker, N.Y.	Withrow
Crowther	Holmes	Pierce	Wolfcott
Darrow	Hooper	Powers	Wolfenden
De Priest	Hope	Ransley	Wolverton
Dirksen	Howard	Reed, N.Y.	Wood, Mo.
Ditter	Jenkins	Rich	Woodruff
Dobbins	Johnson, Minn.	Rogers, Mass.	Zioncheck
Dondero	Kahn	Scrugham	
Doutrich	Keller	Seger	

ANSWERED "PRESENT"—1

Palmisano

NOT VOTING—45

Almon	Connery	James	Reid, Ill.
Andrews, N.Y.	Culkin	Kennedy, Md.	Simpson
Bailey	Dickstein	Kerr	Sisson
Beck	Drewry	Kleberg	Sullivan
Bolton	Fernandez	Lewis, Colo.	Summers, Tex.
Brand	Foulkes	McSwain	Sweeney
Brennan	Fulmer	Major	Waldron
Browning	Griffin	Meeks	Wearin
Brumm	Guyer	Montague	Willford
Buckbee	Hancock, N.C.	Moynihan	
Cartwright	Hart	Muldowney	
Cochran, Pa.	Higgins	Perkins	

So the previous question was ordered.

The Clerk announced the following pairs:

On the vote:

Mr. Brennan (for) with Mr. Bolton (against).
 Mr. Meeks (for) with Mr. Culkin (against).
 Mr. Fernandez (for) with Mr. Buckbee (against).
 Mr. Almon (for) with Mr. Muldowney (against).
 Mr. Drewry (for) with Mr. Simpson (against).
 Mr. Kleberg (for) with Mr. Beck (against).
 Mr. Sullivan (for) with Mr. Higgins (against).
 Mr. Wearin (for) with Mr. Brumm (against).
 Mr. Dickstein (for) with Mr. Perkins (against).
 Mr. Sisson (for) with Mr. Reid of Illinois (against).

Until further notice:

Mr. Connery with Mr. Andrews of New York.
 Mr. McSwain with Mr. Waldron.
 Mr. Browning with Mr. James.
 Mr. Summers of Texas with Mr. Guyer.
 Mr. Hancock of North Carolina with Mr. Cochran of Pennsylvania.
 Mr. Griffin with Mr. Moynihan.
 Mr. Bailey with Mr. Sweeney.
 Mr. Major with Mr. Hart.
 Mr. Kerr with Mr. Cartwright.
 Mr. Brand with Mr. Kennedy of Maryland.
 Mr. Montague with Mr. Foulkes.

Mr. CONNERY. Mr. Speaker, I arrived too late to answer to my name. If I had been present, I would have voted "aye."

Mr. JAMES. I am in the same position as the gentleman from Massachusetts. If I had been present, I would have voted "no."

Mr. McCORMACK. Mr. Speaker, the gentleman from Texas [Mr. KLEBERG] is absent on account of illness. If present, he would have voted "aye."

Mr. JACOBSEN. Mr. Speaker, my colleague, Mr. WEARIN, is absent on account of illness. If present, he would have voted "aye."

The result of the vote was announced as above recorded.

The SPEAKER pro tempore (Mr. DELANEY). The question now is on agreeing to the resolution.

The question was taken; and on a division (demanded by Mr. BLANTON) there were 178 ayes and 19 noes.

So the resolution was agreed to.

EMERGENCY FARM MORTGAGE ACT

Mr. JONES. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the consideration of H.R. 4795, to provide emergency relief with respect to agricultural indebtedness, to refinance farm mortgages at lower rates of interest, to amend and supplement the Federal Farm Loan Act, to provide for the orderly liquidation of joint-stock land banks, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union, with Mr. ARNOLD in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the consideration of the bill, which the Clerk will report.

The Clerk read the title of the bill.

Mr. JONES. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

Mr. BLANTON. With the understanding that the bill be printed in the RECORD, I will not object.

Mr. JONES. I will include that in my request.

The CHAIRMAN. Without objection, it is so ordered.

The bill is as follows:

Be it enacted, etc.—

TITLE I. AMENDMENTS TO FEDERAL FARM LOAN ACT

ISSUANCE OF BONDS BY LAND BANKS

SECTION 1. Section 32 of the Federal Farm Loan Act, as amended (U.S.C., title 12, sec. 991), is amended by adding at the end thereof the following new paragraph:

"Until such time as the Farm Loan Commissioner determines that Federal farm-loan bonds (other than those issued under this paragraph) are readily salable in the open market at a yield not in excess of 4 percent per annum, but in no case more than 2 years after this paragraph takes effect, Federal land banks may issue farm-loan bonds as authorized under this act for the purpose of making new loans or for purchasing mortgages or exchanging bonds for mortgages as provided in paragraph 'Second' of section 13 of this act. The aggregate amount of the bonds issued under this paragraph shall not exceed \$2,000,000,000, and such bonds shall be issued in such denominations as the Farm Loan Commissioner shall prescribe, shall bear interest at a rate not in excess of 4 percent per annum, and shall be fully and unconditionally guaranteed as to interest by the United States, and such guaranty shall be expressed on the face thereof. In the event that the issuing bank or banks shall be unable to pay upon demand, when due, the interest on any such bonds, the Secretary of the Treasury shall pay the amount thereof, which is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated. Upon the payment of such interest by the Secretary of the Treasury, the amount so paid shall become an obligation to the United States of the issuing bank or banks and shall bear interest at the same rate as that borne by the bonds upon which the interest has been so paid. After the expiration of 1 year from the date this paragraph takes effect, if in the opinion of the Farm Loan Commissioner any part of the proceeds of the bonds authorized to be issued under this paragraph is not required for the purpose of making new loans or for purchasing mortgages or exchanging bonds for mortgages as herein provided, such bonds may be issued within the maximum limit herein specified for the purpose of refinancing any outstanding issues of Federal farm-loan bonds; but no such bonds shall be issued after 2 years from the date this paragraph takes effect for the purpose of such refinancing."

PURCHASE, REDUCTION, AND REFINANCING OF FARM MORTGAGES

SEC. 2. Section 13 of the Federal Farm Loan Act, as amended, is amended by adding after paragraph "Second" the following new paragraph:

"In order to reduce and/or refinance farm mortgages, to invest such funds as may be in its possession in the purchase of qualified first mortgages on farm lands situated within the Federal land-bank district within which it is organized or for which it is acting, or to exchange farm-loan bonds for any duly recorded first mortgages on farm lands executed prior to the date this paragraph takes effect, at a price which shall not exceed in each individual case the amount of the unpaid principal of the mortgage on the date of such purchase or exchange, or 50 percent of the value of the land mortgaged and 20 percent of the value of the permanent insured improvements thereon, as determined upon an appraisal made pursuant to this act, whichever is the smaller: *Provided*, That any mortgagor whose mortgage is acquired by a Federal land bank under this paragraph shall be entitled to have his farm-mortgage indebtedness refinanced in accordance with the provisions of sections 7 and 8 of this act on the basis of the amount paid by the bank for his mortgage."

EXTENSION OF LOANS

SEC. 3. Paragraph "tenth" of section 13 of the Federal Farm Loan Act, as amended (U.S.C., title 12, sec. 781), is amended by adding at the end thereof the following: "The terms of any such extension shall be such as will not defer the collection of any obligation due by any borrower which, after investigation by the bank of the situation of such borrower, is shown to be within his capacity to meet. In the case of any such extension made prior to the expiration of 5 years from the date this paragraph as amended takes effect, or in the case of any deferment of principal as provided in paragraph 'twelfth' of section 12 of this act, it shall be the duty of the Secretary of the Treasury, on behalf of the United States, upon the request of the Federal land bank making the extension, and with the approval of the Farm Loan Commissioner, to subscribe at such periods as the Commissioner shall determine, to the paid-in surplus of such bank an amount equal to the amount of all such extensions and deferments made by the bank during the preceding period. Such subscriptions shall be subject to call, in whole or in part, by the bank with the approval of the Commissioner upon 30 days' notice. To enable the Secretary of the Treasury to make such subscriptions to the paid-in surplus of the Federal land banks, there is hereby authorized to be appropriated the sum of \$50,000,000, to be immediately available and remain available until expended. Upon payment to any Federal land bank of the amount of any such subscription, such bank shall execute and deliver a receipt therefor to the Secretary of the Treasury in form to be prescribed by the Farm Loan Commissioner. The amount of any subscriptions to the paid-in surplus of any such bank may be repaid in whole or in part at any time in the discretion of the bank and with the approval of the Farm Loan Commissioner, and the Commissioner may at any time require such subscriptions to be repaid in whole or in part if in his opinion the bank has resources available therefor."

REDUCTION OF INTEREST ON LOANS AND DEFERMENT OF PRINCIPAL

SEC. 4. Section 12 of the Federal Farm Loan Act, as amended (U.S.C., title 12, secs. 771-772), is amended by adding at the end thereof the following new paragraph:

"Twelfth. Notwithstanding the provisions of paragraph second, the rate of interest on any loans on mortgage made through national farm-loan associations, or through agents as provided in section 15, by any Federal land bank, outstanding on the date of this paragraph takes effect or made within 2 years after such date, shall not exceed 4½ percent per annum for all interest payable on installment dates occurring within a period of 5 years commencing 60 days after the date this paragraph takes effect; and no payment of the principal portion of any installment of any such loan shall be required during such 5-year period if the borrower shall not be in default with respect to any other condition or covenant of his mortgage. The foregoing provisions shall apply to loans made by Federal land banks through branches, except that the rate of interest on such loans for such 5-year period shall be 5 percent in lieu of 4½ percent. The Secretary of the Treasury shall pay each Federal land bank, as soon as practicable after October 1, 1933, and after the end of each quarter thereafter, such amount as the Farm Loan Commissioner certifies to the Secretary of the Treasury is equal to the amount by which interest payments on mortgages held by such bank have been reduced, during the preceding quarter, by reason of this paragraph; but in any case in which the Farm Loan Commissioner finds that the amount of interest payable by such bank during any quarter has been reduced by reason of the refinancing of bonds under section 32 of this act, the amount of the reduction so found shall be deducted from the amount payable to such bank under this paragraph. No payments shall be made to a bank with respect to any period after June 30, 1938. There is authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$15,000,000 for the purpose of enabling the Secretary of the Treasury to make payments to Federal land banks which accrue during the fiscal year ending June 30, 1934, and such additional amounts as may be necessary to make payments accruing during subsequent fiscal years."

INCREASE OF AMOUNT OF LOANS TO BORROWERS

SEC. 5. Paragraph "seventh" of section 12 of the Federal Farm Loan Act, as amended (U.S.C., title 12, sec. 771) (relating to the limitations as to amount of loans), is amended by striking out "\$25,000" and inserting "\$50,000, but loans to any one borrower shall not exceed \$25,000 unless approved by the Farm Loan Commissioner."

DIRECT LOANS

SEC. 6. Section 7 of the Federal Farm Loan Act, as amended, is amended by striking out the last paragraph and inserting in lieu thereof the following new paragraphs:

"Whenever it shall appear to the Farm Loan Commissioner that national farm-loan associations have not been formed in any locality in the continental United States, or that the farmers residing in the territory covered by the charter of a national farm-loan association are unable to apply to the Federal land bank of the district for loans on account of the inability of the bank to accept applications from such association, the Farm Loan Commissioner may, in his discretion, authorize said bank to make direct loans to borrowers secured by first mortgages on farm lands situated within any such locality or territory. Except as herein otherwise specifically provided, all provisions of this act applicable with respect to loans made through national farm-loan associations shall, insofar as practicable, apply with respect to such direct loans, and the Farm Loan Commissioner is authorized to make such rules and regulations as he may deem necessary with respect to such direct loans.

"The rate of interest on such direct loans made at any time by any Federal land bank shall be one half of 1 per centum per annum in excess of the rate of interest charged to borrowers on mortgage loans made at such time by the bank through national farm-loan associations.

"Each borrower who obtains a direct loan from a Federal land bank shall subscribe and pay for stock in such bank in the sum of \$5 for each \$100 or fraction thereof borrowed. Such stock shall be held by such Federal land bank as collateral security for the loan of the borrower and shall participate in all dividends. Upon full payment of the loan such stock shall, if still outstanding, be canceled at par, or, in the event that such stock shall have become impaired, at the estimated value thereof as approved by the Farm Loan Commissioner, and the proceeds thereof shall be paid to the borrower.

"Each such borrower may covenant in his mortgage that, whenever there are 10 or more borrowers who have obtained from a Federal land bank direct loans under the provisions of this section aggregating not less than \$20,000, and who reside in a locality which may, in the opinion of the Farm Loan Commissioner, be conveniently covered by the charter of and served by a national farm-loan association, he will unite with such other borrowers to form a national farm-loan association. Such borrowers shall organize the association subject to the requirements and the conditions specified in this section, so far as the same may be applicable, and in accordance with rules and regulations of the Farm Loan Commissioner. As soon as the organization of the association has been approved by the Farm Loan Commissioner the stock in the Federal land bank held by each of the members of such association shall be canceled at par, and in lieu thereof the bank shall issue in the name of the association an equal amount of stock in said bank, which stock shall be held by said bank as collateral security as provided in this section with respect to other loans through national farm-loan associations. Thereupon there shall be issued to each such member an amount of capital stock in the association equal to the amount which he previously held in said bank, which stock shall be held by said association as collateral security as provided in section 8 of this act. The board of directors of said association shall adopt a resolution authorizing and directing its secretary-treasurer on behalf of said association to endorse, and thereby become liable for the payment of, the mortgages taken from its charter members by the Federal land bank. When it shall appear to the satisfaction of the Farm Loan Commissioner that all the foregoing conditions have been complied with, and upon the granting of the charter by the Farm Loan Commissioner, the interest rate paid by each charter member of such association whose loan is in good standing shall, beginning with his next regular installment date, be reduced to the rate of interest paid by borrowers on new loans made through national farm-loan associations in the same Federal land bank district at the time the said loan was made to such charter member.

"Charges to be paid by applicants for direct loans from a Federal land bank shall not exceed amounts to be fixed by the Farm Loan Commissioner and shall in no case exceed the charges which may be made to applicants for loans and borrowers through national farm-loan associations under the provisions of sections 11 and 13 of this act."

LOANS TO RECEIVERS

SEC. 7. Any receiver appointed by the Federal Farm Loan Board pursuant to section 29 of the Federal Farm Loan Act, as amended, is authorized, for the purpose of paying taxes on farm real estate owned by the bank or securing the mortgages held by it, with the approval of the Farm Loan Commissioner, to borrow from the Reconstruction Finance Corporation and to issue receiver's certificates against the assets of such bank as security for any loan received from the Corporation under this section, and such certificates shall constitute a prior lien on such assets. The Reconstruction Finance Corporation is authorized to make loans to such receivers for the purposes of this section.

TITLE II. JOINT-STOCK LAND BANKS

LIMITATIONS ON ISSUE OF BONDS AND LENDING

SEC. 201. After the date of enactment of this act, no joint-stock land bank shall issue any tax-exempt bonds or make any farm loans except such as are necessary and incidental to the

refinancing of existing loans or bond issues or to the sale of any real estate now owned or hereafter acquired by such bank.

LOANS TO JOINT-STOCK LAND BANKS TO PROVIDE FOR ORDERLY LIQUIDATION

SEC. 202. (a) The Reconstruction Finance Corporation is authorized and directed to make available to the Farm Loan Commissioner, out of the funds of the corporation, the sum of \$100,000,000, to be used, for a period not exceeding 2 years from the date of enactment of this act, for the purpose of making loans to the joint-stock land banks organized and doing business under the Federal Farm Loan Act, as amended, at a rate of interest not to exceed 4 percent per annum, payable annually. Such loans shall be made upon application therefor by such banks and upon compliance with the requirements of this section. Such loans shall be made to aid the orderly liquidation of any such bank in accordance with such plan as may be approved by the Farm Loan Commissioner. Before any such plan is approved by the Commissioner he shall be satisfied that the plan carries out the purposes of this section and that such part of the proceeds of the loan as is devoted to settlements with bondholders will be used only to effect an equitable settlement with all bondholders. After the plan has been approved by the Commissioner he shall require the bank to mail a copy thereof to all its known bondholders and to publish a notice setting forth its provisions in at least three newspapers having general circulation. The amount which may be loaned hereunder to any such bank shall not exceed an amount having the same proportion to the said \$100,000,000 as the unpaid principal of the mortgages held by such bank on the date of enactment of this act bears to the total amount of the unpaid principal of the mortgages held by all the joint-stock land banks on such date.

(b) Any joint-stock land bank applying for a loan under this section shall deliver to the Farm Loan Commissioner as collateral security therefor first mortgages or purchase-money mortgages on farm lands, first mortgages on farm real estate owned by the bank in fee simple, or such other collateral as may be available to said bank, including sales contracts and sheriff's certificates on farm lands. The real estate upon which such collateral is based shall be appraised by appraisers appointed under the Federal Farm Loan Act, as amended, and the borrowing bank shall be entitled to borrow not to exceed 60 percent of the value of such real estate as determined by such appraisal. Fees for such appraisals shall be paid by the applicant banks in such amounts as may be fixed by the Farm Loan Commissioner. No such loan shall be made until the applicant bank, under regulations to be prescribed by the Farm Loan Commissioner, (1) shall have agreed to grant to each borrower then indebted to the bank under the terms of a first mortgage a reduction to 5 percent per annum in the rate of interest specified in such mortgage, beginning at his next regular installment date occurring more than 60 days after the date of enactment of this act, and (2) shall have agreed to the satisfaction of the Commissioner that during a period of 2 years from the date of enactment of this act the bank will not proceed against the mortgagor on account of default in the payment of interest or principal due under the terms of its mortgage and will not foreclose its mortgage unless the property covered by such mortgage is abandoned by the mortgagor or unless, in the opinion of the Commissioner, such foreclosure is necessary for other reasons.

LOANS BY THE FARM LOAN COMMISSIONER TO JOINT-STOCK LAND BANKS FOR EMERGENCY PURPOSES

SEC. 203. (a) Out of the funds made available to him under section 202, the Farm Loan Commissioner is authorized to make loans, at a rate of interest not to exceed 4 percent per annum, to any joint-stock land bank for the purpose of securing the postponement for 2 years from the date of the enactment of this section of the foreclosure of first mortgages held by such banks on account of (1) default in the payment of interest and principal due under the terms of the mortgage, and (2) unpaid delinquent taxes, excluding interest and penalties, which may be secured by the lien of said mortgage: *Provided*, That during the period of postponement of foreclosure such bank shall charge the mortgagor interest at a rate not exceeding 4 percent per annum on the aggregate amount of such delinquent taxes and defaulted interest and principal with respect to which loans are made pursuant to this section. The amount loaned to any joint-stock land bank under this section shall be made without reappraisal: *Provided*, That the amount loaned with respect to any mortgage on account of unpaid principal shall not exceed 5 percent of the total unpaid principal of such mortgage, and the total amount loaned to any such land bank with respect to any mortgage shall not exceed 25 percent of the total unpaid principal of such mortgage.

(b) No such loan shall be made with respect to any mortgage unless the Farm Loan Commissioner is satisfied that the mortgagor, after exercising ordinary diligence to pay his accrued delinquent taxes and meet accrued interest and principal payments, has defaulted thereon; and unless the bank shall have agreed to the satisfaction of the Farm Loan Commissioner that during such 2-year period the bank will not foreclose such mortgage unless the property covered thereby is abandoned by the mortgagor or unless, in the opinion of the Farm Loan Commissioner, such foreclosure is necessary for other reasons.

(c) Each such loan shall be secured by an assignment to the Farm Loan Commissioner of the lien of the taxes and/or of the bank's mortgage with respect to which the loan is made: *Provided*, That the part of each such lien so assigned representing

the interest and principal due and unpaid in any such mortgage which has been assigned to the farm-loan registrar shall be subordinate to the existing lien of the bank for the balance of the indebtedness then or thereafter to become due under the terms of such mortgage; but the Farm Loan Commissioner may require the bank to furnish additional collateral as security for such loan if such collateral is available to the bank.

(d) The Farm Loan Commissioner is authorized to make such rules and regulations as may be necessary to carry out the purposes of this section and to make the relief contemplated immediately available.

TITLE III. LOANS TO FARMERS BY FARM LOAN COMMISSIONER REDUCTION OF DEBTS AND REDEMPTION OF FORECLOSED FARMS

SEC. 301. The Reconstruction Finance Corporation is authorized and directed to allocate and make available to the Farm Loan Commissioner the sum of \$300,000,000, or so much thereof as may be necessary, to be used for the purpose of making loans as hereinafter provided to any farmer, secured by a first or second mortgage upon the whole or any part of the farm property, real or personal, including crops, of the farmer. The amount of the mortgage given by any farmer, together with all prior mortgages or other evidences of indebtedness secured by such farm property of the farmer, shall not exceed 75 percent of the value thereof, as determined upon an appraisal made pursuant to the Federal Farm Loan Act, as amended; nor shall a loan in excess of \$5,000 be made to any one farmer. Every mortgage made under this section shall contain an agreement providing for the repayment of the loan on an amortization plan by means of a fixed number of annual or semiannual installments, sufficient to cover (1) interest on unpaid principal at a rate not to exceed 5 percent per annum and (2) such payments equal in amount to be applied on principal as will extinguish the debt within an agreed period of not more than 10 years from the date the first payment on principal is due: *Provided*, That during the first 3 years the loan is in effect payments of interest only may be required. No loan shall be made under this section unless the holder of any prior mortgage or instrument of indebtedness secured by such farm property arranges to the satisfaction of the Farm Loan Commissioner to limit his right to proceed against the farmer and such farm property for default in payment of principal. Loans under this section shall be made for the following purposes only: (1) Refinancing, either in connection with proceedings under chapter VIII of the Bankruptcy Act of July 1, 1898, as amended (relating to agricultural compositions and extensions), or otherwise, any indebtedness, secured or unsecured, of the farmer, (2) providing working capital for his farm operations, and (3) enabling any farmer to redeem and/or repurchase farm property owned by him and occupied by him as a home prior to the loss of such property by him by the passage of title under foreclosure sale, sale by trustee under a deed of trust, or voluntary alienation in satisfaction of a preexisting mortgage indebtedness, which has occurred within 2 years prior to the date of enactment of this act or which occurs on, or after, the date of enactment of this act. The provisions of paragraph "Ninth" of section 13 of the Federal Farm Loan Act, as amended (relating to charges to applicants for loans and borrowers from the Federal land banks), shall, so far as practicable, apply to loans made under this section. As used in this section, the term "farmer" means any individual who is bona fide engaged in farming operations, either personally or through an agent or tenant, or the principal part of whose income is derived from farming operations, and includes a personal representative of a deceased farmer.

REGULATIONS

SEC. 302. The Farm Loan Commissioner is authorized to make such rules and regulations and to appoint such agents as may be necessary to carry out the purposes of this act and to make the relief contemplated by this act immediately available.

FACILITIES OF FEDERAL LAND BANKS AND NATIONAL FARM-LOAN ASSOCIATIONS MADE AVAILABLE

SEC. 303. The Federal land banks and the national farm-loan associations are authorized, upon request of the Farm Loan Commissioner, to make available to him their services and facilities to aid in administering the provisions of this act.

PENALTIES

SEC. 304. Any person who shall knowingly make any material false representation for the purpose of obtaining any loan under this title, or in assisting in obtaining any such loan, shall, upon conviction thereof, be fined not more than \$1,000, or imprisoned not more than 6 months, or both.

TITLE IV. REFINANCING OF AGRICULTURAL IMPROVEMENT DISTRICT INDEBTEDNESS FOR THE BENEFIT OF FARMERS

LOANS BY RECONSTRUCTION FINANCE CORPORATION

SEC. 401. The Reconstruction Finance Corporation is authorized and empowered to make loans as hereinafter provided, in an aggregate amount not exceeding \$50,000,000, to drainage districts, levee districts, levee and drainage districts, irrigation districts, and similar districts, duly organized under the laws of any State, and to political subdivisions of States, which, prior to the date of enactment of this act, have completed projects devoted chiefly to the improvement of land for agricultural purposes. Such loans shall be made for the purpose of enabling any such district or political subdivision (hereafter referred to as the "borrower") to reduce and refinance its outstanding indebtedness incurred in connection with any such project, and shall be subject to the

same terms and conditions as loans made under section 5 of the Reconstruction Finance Corporation Act, as amended; except that (1) the term of any such loan shall not exceed 40 years; (2) each such loan shall be secured by refunding bonds issued to the Corporation by the borrower which are a lien on the real property within the project or on the amount of the assessments levied on such property by the borrower pursuant to State law, or by such other collateral as may be acceptable to the Corporation; (3) the borrower shall agree not to issue during the term of the loan any bonds so secured except with the consent of the Corporation; (4) the borrower shall pay to the Corporation, until all bonds of the borrower held by the Corporation are retired, an amount equal to the amount by which the assessments against the real property within the project collected by the borrower exceed the costs of operation and maintenance of the project and interest on its outstanding obligations; and (5) the borrower shall agree to the satisfaction of the Corporation to reduce the outstanding indebtedness to the borrower of the landowners within such project by an amount corresponding to that by which the indebtedness of the borrower is reduced by reason of the operation of this section, to distribute the amount of such reduction among such landowners on a pro rata basis, to cancel and retire its outstanding bonds in an aggregate amount equal to the amount of the reduction so distributed, and to permit the Corporation, in the case of the payment of the bonds of the borrower or the liquidation of such project, to participate in such payment or in the proceeds of such liquidation on the basis of the face amount of the bonds so retired plus the face amount of the bonds held by the Corporation as security for the loan. No loan shall be made under this section until the Reconstruction Finance Corporation (A) has caused an appraisal to be made of the property securing and/or underlying the outstanding bonds of the applicant, (B) has determined that the project of the applicant is economically sound, and (C) has been satisfied that an agreement has been entered into between the applicant and the holders of its outstanding bonds under which the applicant will be able to purchase or refund such bonds at a price determined by the Corporation to be reasonable after taking into consideration the average market price of such bonds over the 6 months' period ending March 1, 1933, and under which a substantial reduction will be brought about in the amount of the outstanding indebtedness of the applicant. This section shall not be construed or administered so as to make any land within any project of a borrower subject, without the consent of the landowner, to a lien for the payment of a greater proportion of the indebtedness of the borrower as compared with the other lands in the project than such land is subject to under existing law. As used in this section the term "State" includes Alaska, Hawaii, and Puerto Rico.

INCREASE OF LENDING POWER OF RECONSTRUCTION FINANCE CORPORATION

SEC. 402. In order to provide funds to carry out the purposes of this act, the amount of notes, debentures, bonds, or other such obligations which the Reconstruction Finance Corporation is authorized and empowered under section 9 of the Reconstruction Finance Corporation Act, as amended, to have outstanding at any one time, is hereby increased by \$300,000,000.

FUNCTIONS OF FARM LOAN COMMISSIONER UNDER EXECUTIVE ORDERS

SEC. 403. If and when any Executive order heretofore transmitted to the Congress pursuant to title IV of part II of the Legislative Appropriation Act of 1933, as amended, shall become effective, all functions, powers, authority, and duties conferred upon or vested in the Farm Loan Commissioner by this act shall be held and exercised by him subject to all the terms and conditions in any such Executive order the same as if such functions, powers, authority, and duties were specifically named in such Executive order or orders.

SHORT TITLE

SEC. 404. This act may be cited as the "Emergency Farm Mortgage Act of 1933."

The CHAIRMAN. The gentleman from Texas is recognized for 4 hours, and the gentleman from New York [Mr. CLARKE] is recognized for 4 hours.

Mr. JONES. Mr. Chairman and members of the Committee, this, it seems to me, is preeminently a time for action. This measure is but one of a series of steps which the administration has asked be taken in the struggle with this emergency. Standing alone it might not anything like accomplish the purpose that is desired. But I have every hope that with the other steps that have been and will be taken, we may find ourselves on the upswing. I am glad that we have a man in the White House who is unafraid [applause], who is willing to take responsibility, and who has a program. In this emergency I am not willing to block any of his steps on anything that does not involve fundamentals. I do not want the charmed circle to be broken; I want to give him every opportunity to work out of the condition that he has shown a disposition to go to the front upon. [Applause.]

It is probable that practically every Member of this House who has any farm section in his district has some ideas

about what a farm-mortgage bill should include. I have some of my own. I know a number of other Members who do. We could spend a year discussing the program and probably never get concerted action. As a matter of fact, for the past 2 or 3 years there has been enough discussion on the floor of this House to fill volumes. Now we are going to try to have action on a bill.

Let no one deceive you; this bill will do a tremendous amount of good. There are \$8,500,000,000 of farm mortgages in the United States, speaking in round numbers, and \$3,500,000,000 in other debts owed by the farmers. The average interest rate on farm mortgages in the United States is 6.1 percent. If that could be reduced 1 percent even over a period of 20 years, it would mean a saving to the farmers of \$2,000,000,000. If it were reduced 1½ percent, they would be saved considerably more than that. If the principal also is reduced, that will be an additional great advantage.

I shall take up this bill now and discuss it section by section and undertake to tell you just what it proposes to do and what it undertakes to accomplish. Gentlemen who have copies of the bill may, if they wish, follow me in the discussion. Title I of the bill provides for the issuance of not to exceed \$2,000,000,000 in bonds by the Federal land banks at a rate of interest not to exceed 4 percent, with the interest on those bonds unconditionally guaranteed by the United States Government. Those bonds are to be issued for the purpose of reducing the principal and interest, one or both, of outstanding mortgages, both in and out of the Federal Land Bank System.

Mr. HOEPEL. Mr. Chairman, will the gentleman yield?

Mr. JONES. I prefer not to now. I want to finish the explanation, because I may during the discussion cover some of the things the gentleman or other gentlemen might want to inquire about. I shall ask the House to excuse me from interruption until I have finished a general explanation of the bill.

Section 1 of the bill provides that those bonds, when issued, may be sold upon the best terms possible. The money thus obtained is to be used, as provided in section 2, to reduce the principal or interest, or both, of outstanding mortgages, or those bonds may be traded for outstanding mortgages of all kinds and of every character, whether held by insurance companies or individuals. Twenty-three percent of those mortgages are held by insurance companies, 12 percent by the Federal land banks, 7 percent by the joint-stock land banks, 29 percent by individuals, 11 percent by commercial banks, and about 10 percent by mortgage companies. All of those mortgages will have a chance to come under the terms of this measure. In this particular title we use the Federal land bank as the method of approach. In some instances the principal can be reduced very greatly. The principal may be reduced as much as possible in a trade between the mortgagor and mortgagee and the representative of the bank. It is hoped that in many instances the principal of the mortgages may be very materially reduced and that the interest rates may also be reduced. There are other sections of the bill which deal in a different fashion with those things.

Section 3 provides for the handling of mortgages in cases in which the mortgage is well secured. Of course in a case of that kind there is no way to force a refinancing, by any sort of a bill that you might present. It is up to the mortgagee and there is no way to force him to do that. However, there are certain of those well-secured mortgages where there is a delinquency at the present time in taxes or in installments, principal or interest, or in all three. This particular section provides for granting an extension of payment to farm borrowers in the Federal land banks, and provides an appropriation of \$50,000,000 to take care of the necessary expense incident to granting those extensions of payment of principal and interest, and in taking care of taxes. The extensions may be at any time within a period of 5 years.

Section 4 makes provision that the maximum rate of interest for a period of 5 years on all outstanding old and

new mortgages in the Federal land banks shall be reduced to a rate not exceeding 4½ percent. I call attention to the fact that the measure uses the term "not exceeding." If we are able to sell any of those bonds which shall bear a rate of interest not to exceed 4 percent at a less rate of interest, that reduction must be carried forward into the loans and the borrower must get the benefit of it. Likewise, if the Federal land bank takes over a mortgage of \$5,000 and pays only \$3,000 for it, as it may be able to do in some instances, the farmer then must, under the terms of this bill, be given the benefit of having his mortgage reduced to a \$3,000 basis. You may say that will not help. I believe it will.

Some complain of these rates of interest. We have to finance farms over a long period of time, and we must get the money from somewhere. The home owners in the cities must have a similar bill. If we are able to get an upswing and get better commodity prices, which I believe is a part of the program and which I believe will result—and God help us if it does not—then they will be able to pay the rates of interest provided in this bill even though the maximum rate should prevail. If we cannot carry through the program—and a wonderful amount of confidence has been instilled in the American people through the accomplishment of the present Chief of the United States—if the program is blocked, they could not even pay 2 percent. In fact, if we do not have an upturn for the better over what has happened in the last 2 years it would not make much difference what the rate of interest is. This must be part of a program that restores America. I personally have my own personal belief about many things. For instance, I believe in liberalizing the currency. [Applause.]

An adequate amount of currency on a sound basis, to use the expression of the President in his first message, would do much to give us restoration, but certainly if that should come, if that should be a part of the orderly program that is being worked out, then if we have a measure by means of which the farmer may get rid of the immediate pressing debt that threatens foreclosure upon him, he can work his way toward daylight. If we do not do something of this character, then some mortgage companies may use that as a means of foreclosing when they see the upswing coming.

You may say we ought to have a lower rate. You can throw a wreckage program into the machine; as for me I would rather get a bill which I believe will accomplish great good and relieve this condition than to fight for something better and get nothing.

Under the terms of this section the interest rate on all of the outstanding mortgages in the Federal Land Bank System is reduced to 4.5 percent for a 5-year period, and provision is made for paying the land banks the loss which they have on their outstanding bonds, about one half of 1 percent. The average outstanding land-bank bond draws 4½ percent. They range from 4 percent to around 5 percent. Under the terms of this section not only will that interest rate be reduced but no borrower in the system will be compelled to pay anything on the principal for a period of 5 years. I believe that would help. We certainly hope that conditions will get better during that period. All the borrower will be compelled to pay is his interest and his taxes. He will not have to pay anything on the principal during that period. It seems to me that would be of material assistance.

Section 5 provides that the maximum limit of Federal land-bank loans shall be raised from \$25,000 to \$50,000. You understand that this bill provides for liquidation of the joint-stock land banks which were permitted to loan up to \$50,000. This rate is made discretionary, and must have the approval, in the individual case, of the Farm Loan Commissioner, but it enables the land banks to take that little field of loans, small in number but sometimes very important, which have been heretofore occupied by the joint-stock land banks in their ordinary set-up.

Section 6 provides for making direct loans to farmers rather than through farm-loan associations. It provides for making new loans as well as for the refinancing of the old loans. We made a change over the terms of the original

suggestion, which required that all borrowers join a farm-loan association. We changed that to make it permissive so that a borrower may join an association or remain on the outside and secure an individual loan. He pays one half of 1 percent higher on a direct loan than on a loan through an association. In some sections they would rather do that. At least, I believe the farmer will be better pleased if it is made voluntary if he wishes to go in on that character of an obligation.

Section 7 provides for loans to receivers by the Reconstruction Finance Corporation, in order to enable them to handle the orderly affairs of the banks which are in receiverships. There are three joint-stock banks in receiverships at the present time, and, of course, it is essential for some sort of a loan to pay taxes on their farm real estate. They are simply made eligible for loans in carrying that out.

Title II, page 12, of the bill provides for the orderly liquidation of the joint-stock land-bank system, and they are going out of business. Section 201 provides that the joint-stock land banks may not issue any more tax-exempt securities, and may make no more new loans, except such loans as are essential to the refinancing program of their own outstanding loans. In other words, it has stipulations that make liquidation necessary.

Under section 202 (a) the joint-stock banks are authorized to borrow \$100,000,000 from the Reconstruction Finance Corporation on their outstanding mortgages, after appraisal, and at a rate not to exceed 60 per cent of the value of the land. This is to enable them to wind up their own affairs in an orderly way and in the best manner possible, and thus save themselves and their borrowers from as much loss as possible, as there will probably be losses to the stockholders as well as to the bondholders.

The committee put in an additional provision requiring the Farm Loan Commissioner to supervise and approve the plan of liquidation and see that these dealings are all fair to everyone involved, including the borrower, the bondholder, and the stock owner. Then it is required, as a condition to this loan, that all of the outstanding loans held by the joint-stock land banks shall be reduced to 5 percent. Their present rate of interest is 6 percent. Before they can get this loan from the Farm Loan Commissioner they must agree to reduce the interest on all of their outstanding loans to 5 percent for the life of the loan, and agree not to foreclose for a period of 2 years, except for abandonment or other unavoidable circumstances, to be passed upon by the Commissioner.

I am thoroughly convinced that that is better than to force them into receivership.

Section 203 (a), immediately following, provides that they may borrow a portion of this \$100,000,000, without the necessity of appraisal. They may borrow for the purpose of taking care of immediate taxes, immediate delinquent installments of principal and interest on their borrowers' obligations. The limit, however, on what they may borrow for the outstanding principal is 5 percent, and the total they may borrow for all purposes under this section, without appraisal, is 25 percent of the unpaid principal of any mortgage. So it is figured that would be amply sufficient to provide security for the borrowings that may be made from the Farm Loan Commissioner.

Title III, in the thought of many, is a matter of tremendous importance. It provides for \$300,000,000 appropriation to make first or second mortgage loans in sums not exceeding \$5,000 for the purpose of taking up other mortgages, for the purpose of taking up, in some instances, outstanding minor indebtedness that might crimp the farmer in his operations, even though his farm mortgages were refinanced on a scaled-down basis.

It is hoped that the ones who are administering these loans will be able to get in touch with the mortgagor and the mortgagee or other holders of outstanding indebtedness, and say, "Now, if you here holding a \$5,000 mortgage will reduce it to \$4,000, and if you fellows on the outside will reduce the little running indebtedness that you have in several forms from \$600 to \$300, the Government

will let you take this \$4,000 mortgage provided you reduce the interest rate to 3 percent, 3½ percent, or 4 percent", whatever trade they are able to make, "and the Government will take a second mortgage of \$500 or \$1,000." So the original mortgage will be reduced to \$3,000 or \$3,500, as the case may be. Thus with a small amount of money we can refinance a tremendous amount of mortgages.

This provision was put in the bill largely because of the work which the unofficial group, as it is sometimes called here in the House, has done. It has made a study of this subject many times. The gentleman from Texas [Mr. BUCHANAN] presented a paper to the House which covered this feature. It is very interesting to take one of his analyses and follow it through. I shall ask that his analyses covering a \$10,000 loan and a \$5,000 loan, showing the saving to the farmer through the taking of a small second lien, be placed in the RECORD. We will take, for example, a \$5,000—

Mr. BUCHANAN. Ten thousand dollars.

Mr. JONES. I am cutting yours in half for the purpose of the illustration. I shall put all this in the RECORD.

The \$5,000 mortgage is cut to \$4,000, with the interest rate cut from 6 percent to 4 percent. Of course, these figures would have to be changed a little under the terms of the bill, because the second mortgage would carry with it a 5-percent rate, but it would be a small amount.

The Government loans the farmer \$1,000 to make a further reduction in principal from \$4,000 to \$3,000, charging the farmer 4 percent per annum on the loan and taking a second mortgage of \$1,000.

The farmer agrees to amortization payment at the rate of 1 percent per annum to liquidate the Government loan of \$1,000 and reduced principal of \$3,000.

Result: Interest charge over period of 20 years on present mortgage of \$5,000 at 6 percent per annum, \$6,000. This is the interest charge based on the assumption for the purpose of illustration that it would be a 20-year loan.

Interest charge over a period of 20 years on reduced mortgage of \$3,000 ("a" and "b" at 4 percent per annum), \$2,400.

Interest charge over period of 20 years on Government loan of \$1,000 at 4 percent per annum, \$800, \$3,200.

Saving to former in interest payments, \$2,800.

As a matter of fact, I have every hope that when this bill is finally enacted into law the insurance companies and the mortgage companies will meet the interest rates and make a saving to the farmer and the Government. I do not know whether they will do it, but I hope they will. This action on their part would save the Government some of the refinancing.

Mr. COX. Mr. Chairman, has the gentleman reached that part in his discussion where it will be agreeable for a Member to propound a question?

Mr. JONES. I am not through with my explanation, but I will yield.

Mr. COX. Is not the gentleman impressed that this bill as written simply sells the mortgaged farmer into bondage to the money lender for all time to come?

Mr. JONES. No; I do not think so.

Mr. COX. That no farm loan financing legislation answers the farmers' needs which does not make certain that there will be drastic reduction of the mortgage debt.

Mr. JONES. We had an illustration before the committee of the operation of how section 2 of the bill would operate. A man said he had \$10,000 against his farm; that the man who held it was willing to take \$6,000. Under this section of the bill this bank could take up that mortgage and would be forced, under the loan provision of section 2, to give the farmer the benefit of the \$4,000 reduction and the reduced interest rate as well. When this was explained to him he was perfectly happy.

Mr. COX. But did not the gentleman state in his explanation of the bill that it gave little promise of certainty of reduction of principal and interest?

Mr. JONES. Oh, no. I think it gives almost certain promise in the great stream of outstanding mortgages of a

reduction of principal, a material reduction of principal on the outstanding mortgages on a vast number of the mortgages held in this country, and on at least 80 percent a material reduction of principal as well as of interest.

I had not finished this illustration. It illustrates how the plan as worked out by the group could be handled. In addition to the \$2,800 that would be saved on the \$5,000 mortgage there would be, I read—

Plus saving on present amortization payment of 1 percent on \$1,000 by which present mortgage is to be reduced, \$200.

Mr. COX. That is the reduction in interest.

Mr. JONES. Let me finish.

Mr. COX. Is there in the bill something that makes reduction of principal and interest certain?

Mr. JONES. I cannot yield further at this time; I do not want this illustration to be interrupted. Plus saving in reduction of principal from \$5,000 to \$4,000 is \$1,000. Total saving in principal, interest, and amortization, \$4,000. Bear in mind that this is a saving on a \$5,000 mortgage over a period of 20 years.

Now, if this is not worth something, I am deceived about the matter, and I may say to the gentleman that there is not anything in this measure that forces anybody to take advantage of its provisions or to come within its terms. It offers a haven of refuge for the distressed farmer who, through the last few years, has been forced from his home under foreclosure and trustee sale, or who has been forced to make a voluntary transference in order to avoid trustee sales.

Mr. HASTINGS. Would it interrupt the gentleman for one who is sympathetic with all the purposes of the bill to make an inquiry about this section?

Mr. JONES. I will be pleased to yield to the gentleman.

Mr. HASTINGS. I want to invite the gentleman's attention to subparagraph (2), at the bottom of page 17, with respect to loans that are to be made by the Farm Loan Commissioner out of the \$300,000,000 fund, where it says that—

Such payments equal in amount to be applied on principal as will extinguish the debt within an agreed period of not more than 10 years from the date the first payment on principal is due.

I should like for the gentleman and his committee to consider whether or not this ought not to be extended for a longer period. Remember that in the preceding lines an interest rate of 5 percent is charged and this amortization is to be within 10 years. So you would have to charge the borrower 10 percent a year amortization, which added to the 5 percent interest, would make 15 percent per annum he would have to pay, and I very much fear that the borrower would be unable to make so large an annual payment. Am I correct in my statement?

Mr. JONES. No. I may say to the gentleman that there has been discussion of whether that should be 10 years or longer. It is a frequent practice as to a second mortgage to have it become due before the first mortgage. The second mortgage is supposed to be very much smaller, and in the illustration which I gave, it would be a small mortgage for the purpose of inducing the original mortgage holder to reduce his principal and his interest on the first mortgage very materially. He could reduce both just as much as he wanted to.

Mr. HASTINGS. I did not read the provision as applying only to second mortgages. I read it as being the amount that could be advanced by the Farm Loan Commissioner on both first and second mortgages.

Mr. JONES. No; if he makes the first-mortgage loan it is 5 percent; but it is hoped that much of this will be handled through either the scaling-down of these outside debts or through the taking-over of a small second mortgage in order to beat down the principal and the interest on the original mortgage.

Mr. HASTINGS. Then the gentleman construes this amortization provision at the top of page 18 as applying only to the payment of loans secured by second mortgage?

Mr. JONES. It applies to both.

Mr. HASTINGS. And not to the first mortgages that may be made?

Mr. JONES. No; the first mortgage may be left at 40 years if it is held by the original holder. If the whole mortgage is taken up, it would have to be for 10 years. If the whole mortgage is taken up, it would have to come under another feature of the bill if the amount loaned was more than \$5,000.

Mr. HASTINGS. The gentleman then construes section 301 to have that effect?

Mr. JONES. Yes. There is nothing to keep the original mortgage holder, if it is a private mortgage company or an individual, from extending it to any length of time he wants to.

Mr. TARVER and Mr. KNUTSON rose.

Mr. TARVER. I regret I did not hear the early part of the gentleman's discussion.

Mr. JONES. Will the gentleman allow me, then, to finish my statement?

Mr. TARVER. The question which I have in mind is one which is apropos at this point, if the gentleman will yield.

Mr. JONES. All right; I yield.

Mr. TARVER. I was interested in the gentleman's remarks concerning the possibility of reduction of the principal of mortgages. The gentleman has reference, of course, to the mortgages that are privately owned. As I understand the bill, and I have not had opportunity to study it carefully, there is no way by which the mortgagor, who has obtained a loan from the Federal land bank, could possibly obtain any reduction in the amount of principal owed by him.

Mr. JONES. There is no provision in the measure itself for a reduction of the principal on a Federal land-bank loan, but there is a provision for reducing the interest rate to not to exceed 4½ percent and that the principal shall not be required to be paid for a period of 5 years.

Mr. TARVER. Does the gentleman think it is fair, in effect, for the Government to go to private mortgagees and say, "You ought to sell your mortgages to the Government for 50 percent of the value of the land and 20 percent of the value of the improvements, and yet we are not going to allow reduced principal of Federal land-bank loans in cases where an equal percentage of values would be less than the mortgages"?

Mr. JONES. The gentleman may criticize the Federal system all he pleases—

Mr. TARVER. I am not criticizing.

Mr. JONES. But many mortgage companies in my country, after the establishment of the land-bank system, reduced the interest rate, and I suppose in the gentleman's country as well, from 8 percent to 6 percent.

Mr. TARVER. I am not speaking in a critical way at all.

Mr. JONES. Of course, most of the Federal land-bank mortgages are on a better basis, and this would reduce their rate of interest, and, surely, the gentleman would not object to some of these mortgages being scaled down.

Mr. TARVER. I am not antagonistic to the gentleman's bill. I am seeking information, and I trust the gentleman will be patient and will give me such information as he may have.

Mr. JONES. I wish I had the time, but I have promised practically every minute of my outstanding time, and I will explain the matter to the gentleman personally, if I may, after this is over.

Mr. TARVER. The gentleman has secured here a rule which prohibits the offering of amendment, and yet he will not talk to a Member, who is not antagonistic to the bill, about one of its most important provisions.

Mr. JONES. The gentleman surely would not expect me to go ahead when I have promised my time to others. There are 25 members of the committee, and I am sure they will be able to answer the gentleman's question, and I shall do so at a later time, if I may.

I will not have time to explain the provisions of title IV about improvement districts, but there are others who have had the privilege of studying this subject, and they are more familiar with it. It simply enables them to make loans for

a scale-down to enable the landowners within the district to come within the terms of this bill.

Now I want to say this: I believe that this bill will do a tremendous amount of good. I want to help break the shackles from the farmer who is in debt. I do not want to make credit easy. Credit has been too easy heretofore. I want to make the interest rate as low as possible. I believe we will be able to reduce it more in the future. And in the main I hope that the farmer may in the future cut down his indebtedness instead of increasing it. The only way to have a free people is to have a people who are as far as possible unencumbered. [Applause.]

Mr. HOEPEL. Will the gentleman yield?

Mr. JONES. Yes.

Mr. HOEPEL. Does the gentleman believe that we are helping the American farmer by providing for \$2,000,000,000 in tax-exempt securities?

Mr. JONES. Personally, I feel that all tax-exempt securities should be abolished for all the future. But they have been issued for many other purposes, and so long as the system is in vogue I do not feel that we should discriminate against the farmer.

Mr. Chairman, I reserve the balance of my time.

Mr. CLARKE of New York. Mr. Chairman, I yield myself such time as I may need.

I think the chairman of the committee, Mr. JONES, has explained this bill and its general purposes as well as anybody can. I do not believe there is a single member of the Agricultural Committee, I do not believe there is a member of the farm experts board that inhabits the Department of Agriculture who helped draw this bill who is fully cognizant of and understands the full significance and full import of this bill.

If you will read the discussions in the Senate of only yesterday, you will find that Mordecai Ezekiel, one of the authors of this bill, has gone into the ramifications of higher mathematics in an effort to explain its philosophy, to the extent that it is absolutely impossible for those at the other end of this great institution we call the Congress of the United States to understand.

I intend to elaborate on only two features, one is on the mortgage feature of this bill and the other is on the development of American agriculture and legislation relating to American agriculture.

According to my theory the history of American agriculture can readily be classified into two great periods or epochs. One is ancient agriculture that is typified by individualism personified, if you please, independence glorified, isolation complete, except Sunday at church when neighbors would have time between two sermons for a brief visit. This ancient farmer plowed his fields in haughty contempt of his fellow men, pursued his lonely life, inflicted it upon his family, and lived it irrespective of everybody and everything.

Now as to modern agriculture, I love to think of the universally beloved Lincoln as the pioneer soul and the man of vision who laid the foundation for what I picture as modern agriculture.

If you will turn back in your history of agriculture, you will find that it was in 1862 that a department of government known as the Department of Agriculture was established under Abraham Lincoln. It was also at that time that President Lincoln signed the Hatch Acts, having to do with the great western domain, and resolving back the proceeds of sales of those millions of acres in the West, under a dedication of service to American agriculture through the Hatch Acts and the Morrill Acts and land-grant colleges that followed it, which were the groundwork in their foundation and development, and these colleges, in turn, have made their great national contribution to our American agriculture.

In the underlying evolution of that great Agriculture Department and of the land-grant colleges, along came the extension work itself; and this extension work, if you please, under the Smith-Lever Act and the Purnell Act and other acts, has now reached out so far in its ramifications that it touches practically and brings to every farm home of this

country the benefits of investigation, the benefits of the agricultural facts of the whole world, to educate our farmers on world conditions in relation to what they produce. More than that, in the development of modern agriculture there has also come what we of the farm sections hold to be the greatest development of all, namely, the development of the farm home and the recognition of the farm home as a unit in the consideration of things in agriculture. I mean by that that the isolated independent farmer has largely disappeared, and in his place has come a recognition of the fact by the farmer and his Government that the farmer, his wife, and his children are all part and parcel of the great common enterprise that we call modern agriculture.

As the national picture of agriculture developed and grew and the usefulness of government enlarged, many agencies have been set up to help develop usefulness in the service of the Government of the United States through its efforts to bring equality, no more and no less, to agriculture.

What are some of these agencies? I shall point out only a few of them. There are the Federal land banks, the joint-stock land banks, the intermediate-credit banks, the warehouse system that provides for orderly assembling in many portions of the United States of products close to the source of production, in order that they may be orderly sent out into the markets when the markets need them, and the great marketing agencies that advise when those products of the farmers may be shipped. So I say there have been great developments in the picture of usefulness and service to agriculture of Government agencies, because, after all, we recognize that agriculture is a great fundamental industry affecting 6,000,000 of homes and a population of practically 30,000,000 people, and why should not our Government do its duty? However, a lot of abuses have crept up in the agencies in the development of this picture and in the Federal contribution sought to be made.

A great number of philosophies have sought to be developed and translated in law regarding modern agriculture and the duty that is imposed on the Congress of the Nation in giving equality, no more and no less, to agriculture. Do not forget, that is all that we on the great Agriculture Committee are demanding for agriculture—equality; no more and no less. What are these philosophies, and what are some of the theories they have sought to translate into law?

In the first place, we have the old "equalization-fee" theory, which is one of the first things that confronted me when I came to Congress 12 years ago. What is it the Congress sought to accomplish through that law? They sought in their way to make the benefits of the tariff reflect themselves back to the products and producers thereof, the exportable part of the products that our farmers produce in this country. That was all right in theory; but when you come down to the practical effect of the application of the "equalization fee", you found that the encouragement for farm production, the stimulation of that "equalization fee", was bound to create and pile up surpluses, surpluses, and surpluses; and that act was vetoed, though twice passed by the Congress of the United States, by President Coolidge.

Then we come to the second school of thought regarding what the Congress of the United States should do for agriculture in order to bring about agricultural equality, no more and no less, and I want to emphasize that. The theory underlying the export-debenture plan and the philosophy behind it was that it was a bounty in the form of a debenture on the commodity exported, the debenture to be used to pay the import duty on some other product coming in—a way to bring up farm-commodity prices; and again it was thought by those who were in control of legislation that through that very process you would again encourage overproduction and therefore ultimately break down the price fabric and structure of our agricultural commodities. That failed of being written into law.

The third great philosophy that was developed and which became the law of this country was known as the Agricultural Marketing Act. The first objective of that Marketing Act was to assist the cooperative movement in this country,

to enable the farmers of the country to have the benefits of all the information that could be assembled by the great Department of Agriculture, and the land-grant colleges, and give to the cooperatives their fair chance in competing in the markets not alone in this country but in the markets of the world where they had an exportable surplus.

Along with it was the so-called "stabilization plan." There is nobody who, in the light of experience, could stand up and defend the stabilization plan today, but for 10 years no great farm leader ever appeared before the Committee on Agriculture, urging a stabilization plan, who did not also impress upon the committee that if they could control and delay the marketing of the product from the time they began cutting and harvesting wheat, for instance, in Oklahoma and Texas, until it got up to the Canadian line, and not hurry the marketing of that product, 10 to 12 cents per bushel could be saved to the producers. Listening to plea after plea of these farm leaders, who have helped crucify this Cooperative Marketing Act today, we set up that power, Bill, Sam, and other farm leaders, if you want exact names, alleged friends of the farmer, claiming to be the pioneers and leaders in behalf of the farmers, yet crucifying them and destroying an agency of Government, and breaking down the good faith of the Government itself in trying to do this job of backing the cooperative effort.

So I say to those farm leaders, and I would make it stronger than parliamentary language will permit, "If you will get the hell out of this picture in this country of ours and leave the Congress and the Senate to do what it sensibly ought to do, we can help frame legislation that will help the farmer"; but as long as such unwise leaders are running around over the country, throwing the fear of God into a lot of people, going back into the districts and, through their influence, literally compelling some of the Representatives into doing what they know ought not to be done, such leaders are proving false to the great farmer himself who is paying them to represent him, and untrue to representative government itself.

Now, my friends, let us look into the cooperative movement. I claim to know something about that movement. For 7 years I have been director of the second largest cooperative in the United States. What is the theory behind the Federal Government's backing the cooperative movement? I will tell you. If the farmers themselves are unwilling to go into the cooperative organization on the commodity they produce, to help fight their own battle and to not lean upon the Federal Government any more than is necessary, what right have they to appeal to their Government?

I say if the farmer is not willing to go into his own cooperative organization on the commodity he produces, federate nationally, and help fight his own battle, how can he expect the Congress of the United States to take him by the seat of the pants and lift him into economic prosperity? The good Lord will not save those unwilling to do their part. Many of those leaders in the cooperative movement have been false; they have betrayed their trust. If you want, I will give you some examples of it.

I ask unanimous consent, Mr. Chairman, to extend my remarks. I want you to know something about what has been going on with a fund (\$500,000,000 for Farm Board), that I hold was as sacred a fund as was ever created by the taxpayers' money and dedicated to the cause of giving equality to agriculture, no more and no less.

The CHAIRMAN. The gentleman from New York asks unanimous consent to extend his remarks in the manner indicated. Is there objection?

There was no objection.

The matter referred to is as follows:

FEDERAL FARM BOARD,
Washington, March 30, 1933.

HON. JOHN D. CLARKE,
House of Representatives.

DEAR MR. CLARKE: Complying with the request contained in your letter of March 29, there is given below a tabulation showing all loans made by the Federal Farm Board to cooperative

associations in the State of New York, which tabulation shows total advances, total repayments, unpaid balances, and interest rates applicable thereto:

Names and addresses of associations	Total advances	Total repayments	Balance outstanding	Interest rate
Dairymens League Cooperative, Inc., New York, N.Y.	\$3,600,000.00		\$3,600,000.00	2%
Cooperative Grange League Federation Exchange, Ithaca, N.Y.	250,000.00	\$100,000.00	150,000.00	1%
Do.	60,000.00		60,000.00	5%
Do.	200,000.00		200,000.00	1½%
Total	510,000.00	100,000.00	410,000.00	
Chautauque & Erie Grape Growers Association, Westfield, N.Y.	50,000.00	20,000.00	30,000.00	1½%
Do.	50,000.00	20,367.48	29,632.52	3½%
Do.	150,000.00	90,000.00	60,000.00	1½%
Do.	60,000.00		60,000.00	1½%
Do.	75,000.00	75,000.00		1½%
Total	385,000.00	205,967.48	179,032.52	
Clintondale Fruit Growers Cooperative Association, Clintondale, N.Y.	175,000.00		175,000.00	1½%
Growers Cooperative Grape Juice, Westfield, N.Y.	19,200.00	9,600.00	9,600.00	1½%
Long Island Duck Growers Marketing Association, Eastport, Long Island, N.Y.	150,000.00	150,000.00		½%
South Shore Cooperative Association, Silver Creek, N.Y.	8,000.00	683.48	7,316.52	½%
Wayne Cooperative Cherry Growers Association,odus, N.Y.	14,299.78		14,299.78	½%
Grand total	4,861,499.78	466,250.96	4,395,248.82	

Trusting that the information contained herein is sufficient for your needs, I am,
Sincerely yours,

HENRY MORGENTHAU, Jr., Chairman.

Mr. CLARKE of New York. What happens? The minute those farm leaders came into the picture and had a chance to get hold of a lot of that cheap money at an unfair interest rate they utilized and abused it for selfish advantage; they plunged into the hog trough, hook, line, and sinker; and they have done an irrevocable wrong to the great farm movement and brought discredit on the Cooperative Marketing Act. I say they are more guilty than anybody else of crucifying it.

You want another example? Very well. Out in Chicago there is a farm organization known as the Farmers' National Grain Corporation, which saw this \$500,000,000, and with somebody on the Farm Board cooperating, conspiring with them to defeat the high purpose of the holy fund that had been set up for national cooperative movement, what did they do? They borrowed \$15,500,000 at one eighth of 1 percent and paid someone a salary of \$50,000. Is that at all fair? Is that playing fair with the taxpayers? Is that playing fair with the cooperative movement? Is that playing fair with the fund that was created for this purpose by the taxpayers? I say to you that they are betrayers of a holy trust, and as far as I am concerned I should like to banish them all from the great farm picture.

I have received permission to put into the RECORD some of the doings of other cooperatives in my own State of New York, to show that they too have tried to get next to this fund, and to set up competition that is absolutely unfair, financed by money which was borrowed at less than they could borrow it in the ordinary course of business.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. CLARKE of New York. I yield.

Mr. COCHRAN of Missouri. Was not the Farmers Grain Corporation in Chicago set up by the Farm Board?

Mr. CLARKE of New York. That is it exactly. That is the conspiracy I am talking about. The Farm Board was in conspiracy with these alleged farm leaders to get that fund, and they tied it up for 10 years at one eighth of 1 percent.

Mr. COCHRAN of Missouri. And did not the Farm Board acquiesce in paying the head of that concern \$75,000 a year when he had never earned \$10,000 in his life before?

Mr. CLARKE of New York. Yes.

Now, I say that is only a part of the picture.

I have put into the RECORD a statement of what our co-operatives in the State of New York are doing. Some of that is wrong. After all, the Government is not called upon to finance any cooperative at a lower rate of interest than it is paying for its money elsewhere; and in the second place, they have been financing competition with legitimate business. That is a fundamental principle. If that is not sound, when I get through with my little story I shall be glad to answer any questions about it, but that is the experience we have had with this thing. So I say a lot of our farm leaders have helped crucify this cooperative movement.

Now, regarding the mortgage situation, this Roosevelt bill, as I call it—and that is what it is, my friends, no more and no less—seeks to alleviate, not cure, the farm situation by issuing \$2,000,000,000 worth of 4 percent Federal bonds with the interest guaranteed to help lighten the burden of interest to these giving farm mortgages. It is going to do some good, but let me ask, Where is the farmer who cannot pay his taxes going to get any money to help pay interest? [Applause.]

Just how serious and to how many of our farm homes does this mortgage problem apply? According to testimony before our committee 58 percent of the farms in this country are not mortgaged. So we are seeking to apply the remedy to 42 percent of the farms, for this is the percentage of the farms that are mortgaged. Those of you who have not studied this problem will want to know how the mortgages are arranged geographically. The 12 North Central States, that means out in the Middle West, have 59½ percent of the total farm-mortgage debt of the United States; the North Atlantic States, 6.8 percent; the South Atlantic States, 5.5 percent; the South Central States, 13.7 percent; and the Western States, 14.5 percent. This makes up the 100 percent of the 42 percent—keep that in mind, 42 percent of the farms, the ones which have this mortgage debt.

Fifty-six percent of the 42 percent of this mortgage debt is on farms operated by owners; 40 percent of the 42 percent of this mortgage debt is on farms operated by tenants; 4 percent of the 42 percent of this mortgage debt is on farms operated by managers.

Who are the creditors? Because I do not want to tire you with figures I shall put in the RECORD a detailed statement of the classes of lenders and the debt.

Who are the creditors?

Classes of lenders	Per cent	Millions of dollars
Federal land banks.....	12.1	1,146
Joint-stock land banks.....	7.0	667
Commercial banks.....	10.8	1,020
Mortgage companies.....	10.4	988
Insurance companies.....	22.9	2,164
Retired farmers.....	10.6	1,006
Active farmers.....	3.6	339
Other individuals.....	15.4	1,453
Other agencies.....	7.2	685
Total.....	100.0	9,468

This one fact stands out, that there are in this country today 750,000 individual creditors in this farm-mortgage picture. Some of them are active farmers; some of them are retired farmers; others are widows; and many others have put their dollars into farm mortgages, believing, as we all believe, that, after all, a farm mortgage, a mortgage upon the real estate of this country, is the best security upon the face of God's earth, and these investors, thus believing, are looking to us for help. I am not one of the old-fashioned standpat farmers from the hills who believe the Lord is going to help us all. These people are looking to the Congress for help. They need it, and they need it now.

I believe there has been altogether too much credit given to too many people in this country. I believe this is responsible for at least half of the situation we find ourselves in now, whether we be farmers, independent investors, or others. Extravagant installment buying by farmers mostly helped make Henry Ford a billionaire and Raskob and his friends multimillionaires. In the first place, all of us had

too much credit, and the result was when the breakdown came and the banks called on us, we were forced to liquidate at such prices as we could get. The banks were just as unscrupulous as any person who ever walked the streets of the hot spot below in seeking to force us all to liquidate, liquidate, liquidate.

Down in the Treasury the very agents and inspectors of the banks who for years had been looking into and checking up banks, both city banks and country banks in the little communities, were putting emphasis on liquidation. Their cry was liquidate! liquidate! liquidate! although time after time they had been in those very same banks and O.K.'d the identical securities they were now forcing those banks to get rid of at any old price. They, more than anybody else, have helped create the condition we are now in. [Applause.]

I think any fair-minded person in the world would go along with the objectives of this bill. I see over here Brother PIERCE. We call him "Governor" in the committee and love him. He comes from Oregon. He has had an awful time with his conscience, but it is not his conscience as much as it is the political promises he made that are hurting him. [Laughter.] Political promises are hurting a lot of the rest of you, because you have been promising to the farmers more than the farmer is entitled to. He is entitled to equality, no more, no less.

So I say that in the bill, as framed, there are a lot of things that are objectionable. They are objectionable to me in the first place because not a single man, not a single woman, or a single interest opposed to taking this bill as written has had 1 minute of time before the committee. Now, this is not the way sound legislation emanates, Mr. Chairman. It is not the way to write the best bill in the world. Let the other fellows come in, and if they can shoot your argument, or shoot your bill, full of holes, to the satisfaction of a majority of this Congress, what is wrong with giving them the opportunity to be heard and the Congress the right to vote upon their suggestions? [Applause.] So, I say, I do not like the atmosphere of the thing.

I will say this for that group, Mordecai Ezekiel did not present himself before our committee as an expert because he goes into higher mathematics and the rest of us cannot follow him, but the other people who came there from that group were a very fair-minded, able, outstanding group. I loved Secretary Wallace's father. He was my loyal friend, a guest at my farm and Mindale Farms, and my people loved him. His boy, the present Secretary, is proving a worthy son, keeping the high traditions of the Wallace family of Iowa.

To show that the policies of our Federal land banks are being materially changed I want to read this telegram from a boy who grew up in my home town. He is the president of the land bank up in Springfield, Mass., and is doing a mighty good job. Here is what he [Ed Thomson] says and you are entitled to the information because your conscience and your constituents are going to hold you responsible for whatever way you vote:

SPRINGFIELD, MASS.

In connection with consideration of farm-mortgage measure you may be interested to know the Federal Land Bank of Springfield last year approved all applications that met requirements and made new loans of over three and one-third million dollars.

This is a farm boy who grew up on a farm up in my hills.

Most of these loans were for refunding local indebtedness, especially mortgages held by local savings and commercial banks, as few farmers are borrowing to enlarge their business. Federal land bank about the only source where farmer can get mortgage loan. Considering present low prices for agricultural products, farmer borrowers with about 50 millions in loans are meeting their installments in splendid shape, over two thirds of loans being in good standing and remaining asking for only very short extensions. Immediately following passage Fletcher-Steagall measure last Congress the bank granted all its borrowers privilege of deferring.

He is a good, fair-minded farmer boy up there who is applying the law with a few heart throbs.

Principal part of installment for year beginning April 1, but over 50 percent of borrowers are voluntarily continuing to pay full installment. Foreclosures are very few and instituted only as last resort where property is abandoned or the borrower indifferent

and unwilling to work or had no possible chance of succeeding. Good demand for the few farms acquired with 53 sales in the last 6 weeks, which show little loss on bank's investment. As you know, the bank has endeavored to finance farmers here in the Northeastern States safely and constructively, with result that bank is rendering real service and is in good, sound condition today.

This is a Federal land bank, but if we turn the picture over a bit and if the Interstate Commerce Committee had the nerve and the times were right, the best job in the world that could be done with respect to some of these agencies—and I refer particularly to the joint-stock land banks—would be to take off the lid and show that some of these joint-stock land banks, with their high-pressure salesmen, falsely have been telling people that the Government was behind the securities they were issuing and in this way lent at least \$400,000,000 and obtained money under false pretenses. The worst stinkpot you have is the joint-stock land bank proposition. [Applause.]

Now, as our chairman very fairly stated, this is not the bill that any of us, even on this committee, would draw for ourselves. It does not meet the situation of our country, as I view it, in a lot of ways, but so far as I am concerned it is the best we can get with the Democrats so overwhelmingly in the majority, so we cannot do any bargaining for better legislation. [Laughter.]

So I am going to go along. I am going to back the President and stand with my chairman and help him to perfect and pass this bill. [Applause.]

Mr. JONES. Mr. Chairman, I yield 5 minutes to the gentleman from Arkansas [Mr. GLOVER].

Mr. GLOVER. Mr. Chairman, I am glad indeed that we have before us today a bill the purpose of which is to relieve, in part at least, our agricultural lands from mortgage debts incurred during the days of prosperity. Our farm lands were mortgaged, and if commodity prices had continued as they were then, there would have been no trouble in paying it off. But when commodity prices dropped to about one fourth of what they were at the time the mortgage was made the farmer found himself in debt, with little hope of being able to even keep the interest paid, and sometimes could not do that, and his farm has been taken for the debt.

Forty-two percent of the agricultural lands are today under mortgage, and unless some relief can be given the lands will be lost to the farmer. When the farmer fails everything else fails. If you will put the farmers of the United States in a prosperous condition, you will solve every other problem. The wheels of industry would begin to turn, the railroads would have plenty to haul, railroad shops would be filled with working men, the banks would not be broke, and the merchant would again have business. The farmer could then take back some of the men who have left the farm and give them employment.

Today we have in the United States 15,000,000 men out of employment. The farm has in the past furnished 50 percent of the employment to men. It will not only do that again but will do more, if agriculture is taken care of. We have today 4,110,000 families, as shown by the records, receiving aid or some State agency relief. We must not let this condition continue. Nothing hurts the pride of the American citizen more than this, yet we know it has been brought about by a condition over which they had no control and by no fault of their own.

Counting the population of the United States at 120,000,000 people, and dividing the number of acres of land in the United States by this number, it will be a fraction over 15 acres per person. If this acreage is properly used, no one will ever suffer for bread.

We frequently hear it said that overproduction is our trouble. With the present methods of handling and marketing our farm products that may be true. But if the people had the buying power that they should have, I think it would soon be demonstrated that it was not so much overproduction as it was underconsumption.

This bill is not perfect, and it does not go far enough to give the entire relief needed. It provides relief up to \$2,000,000,000. I hope the plan will work so well that relief will

be given to all by a further advance under this plan. The lands now mortgaged to the joint-stock land banks and the Federal land banks can be refinanced under this bill and our valuable farm lands saved from foreclosure. This bill provides a plan, or, at least, holds out the hope that the mortgage debt may be scaled down to what is fair and just between the mortgagor and mortgagee.

The interest rate provided for is too high, but the rate of not exceeding 4½ percent will certainly help. I think 3 percent is high enough. I introduced a bill myself that I like better than this one; but it seems this is the best we can get now. The farm bill, if it accomplishes the purpose that we hope it will and believe it will, together with this act, should at least start the farmer back to normal conditions and to where farming will be profitable.

This act provides not only for refinancing mortgages now existing but also provides for new and better loans. We hope the day will soon come when it will not be necessary to mortgage the home at all. The happiest man in the world today is the man who is on a good farm that is free of debt.

Title 4 of this bill provides for relief to farmers living in agricultural improvement districts. This bill provides for refinancing them to the amount of \$50,000,000. In my district, the Sixth District of Arkansas, this provision will be the saving of our very best agricultural lands.

The levy and drainage lands ought to be reduced to at least half of their face value before they are refinanced under this plan, and the landowners have the advantage of this reduction and are then given a period of 40 years to pay the other off.

When this is done, our farmers living in these districts will see the light of a new day. [Applause.]

Mr. CLARKE of New York. Mr. Chairman, I yield 20 minutes to the gentleman from Wisconsin [Mr. BOILEAU].

Mr. BOILEAU. Mr. Chairman, three members of the committee have thus far spoken on this bill. The chairman of the committee, the distinguished gentleman from Texas [Mr. JONES], stated that in his mind we should have a bill with lower rates of interest, and he also stated that so far as he personally was concerned he believed in an expansion of the currency. The gentleman from New York [Mr. CLARKE], the ranking Republican member of the Agriculture Committee, said that in his mind this bill does not meet the problem; it does not have various provisions that he would like to see in the bill; and the distinguished gentleman from Arkansas [Mr. GLOVER] stated that he was not satisfied wholly with all of the provisions of the bill. I dare say that every man or woman who speaks in favor of this bill today must of necessity speak with some apology if he or she is honestly and seriously trying to do all that is possible for agriculture. [Applause.]

I am not going to make any apologies for this bill, because I say here now that so far as I am able in my humble, small way, I am going to resist the enactment of the bill, hoping that we shall be able to send the bill back to the committee, so that they may write a bill which will give some relief, some honest-to-goodness relief, to agriculture. [Applause.]

During the consideration of this bill before the committee I did all I possibly could to have the provisions of the so-called "Frazier bill" substituted for this bill and made the basis for our consideration in this refinancing legislation. I know there are a large number of Members of this House who believe in an expansion of the currency, such as is provided for in the Frazier bill. Many of you have been for a long time advocating a revaluation of the gold ounce, and others of you have been talking about monetizing silver. Some of you have expressed your preference for a bill that would pay public debts in Treasury notes or Federal Reserve notes. Others of you would provide for a general expansion of the currency with our present metallic base. Many Members of this House have different ideas as how the expansion of the currency should be brought about, and I think I can honestly say that a majority of the Members of the House at this time are in favor of some

kind of an expansion of currency. I submit to you that this is the best possible means that you can find to expand the currency; at least, it is the only possible bill that you will have up for consideration in which you could provide for a free distribution of this expanded currency.

The Frazier bill, as you all know, provides for the refinancing of farm mortgages and farm indebtedness of all kinds with a rate of interest of $1\frac{1}{2}$ percent per year, and amortization payments upon the principal of $1\frac{1}{2}$ percent per annum. Oh, I know that many of you have been going along with the idea that the 6 percent rate and the 5 percent rate are something sacred, and you will raise your hands in horror at the thought of interest rates at $1\frac{1}{2}$ percent per annum, but I say to you, friends of agriculture, that the farmers of this country cannot pay more than that rate of interest on the present value of their farms and their present mortgage indebtedness. If we were to refinance these farm mortgages with interest rates at $1\frac{1}{2}$ percent per annum, it would give the farmers a breathing spell; it would enable them to pay off their farm debts, and it would restore to them their purchasing power, because they would have some money left after they paid their interest. It would restore their purchasing power and in that way, and only in that way, by restoring the purchasing power to the farmer, will we have any material increase in business or industrial activity.

As I said before, the bill provides for the issuance of new currency, Federal Reserve notes, in its final analysis, for the purpose of refinancing these farm loans. The bill has a provision that not in excess of \$75 per capita of currency shall be in circulation at any time. That means that there is a limitation under the provisions of the bill to an expansion of about two and a half to three billions of dollars. There can be no greater expansion of the currency under the provisions of the bill. The bill also provides that farm-loan bonds shall be issued and offered for sale bearing $1\frac{1}{2}$ percent interest. We all know that there would not be many of those bonds sold in the open market, so the bill provides that such bonds as are not readily sold shall be turned over to the Federal Reserve Board, and they in turn will turn over to the Farm Loan Commissioner an equivalent amount of Federal Reserve notes for the purpose of refinancing these loans.

It is estimated conservatively, I believe, that only about two or two and a half billion dollars of new currency, used as a revolving fund, will be needed to refinance all of the farm indebtedness of this country. That would provide for an amortization of the indebtedness, and the entire debt would be paid at the end of about 47 years. I believe that at the end of that period the present farm indebtedness of the country would be entirely wiped out, and there would be a substantial return to the Treasury of the United States of over \$6,000,000,000, which it would receive in interest. I know the Government is not in the banking business, and it does not desire to make any profit out of loaning money particularly, but I believe it can loan this money to the farmers in such a way that the currency will be expanded and that as a result there will be some prosperity in the country. As I said a few moments ago, many Members of Congress have different ideas as to how the expansion shall take place. When we passed the bonus bill last year in this House, I believe it passed the House because a majority of the Members of the Congress felt that an expansion of the currency was necessary, and I am satisfied that when the House passed the Goldsborough bill by an overwhelming majority last year, the Members of the House felt it would result in an expansion of the currency.

I am satisfied that the Members of the House believe that when we considered the Glass-Steagall bill last year, it would cause an expansion of the currency, and that is the reason it passed the House. It provided for an expansion of the currency, but not in the interest of the people of the country, but in the interest of the banks. I find no fault with that. I am willing to help the banks as far as I am able. I recognize them as a necessary part of our economic system, but I submit that the Glass-Steagall bill, which pro-

vided for an expansion of currency, did not, as a matter of fact, increase the amount of circulating medium among the people.

Then, again, last year we considered the Glass amendment to the home loan bank bill, which provided for an additional \$900,000,000 of possible expansion of currency, and, depending on the promises made on this floor that that would expand the currency, we passed that bill, but that did not help the people of the country. That again was a bill that helped only the bankers. I find no fault with that.

Then, again, the other day the question was, What should be done with the President's message on refinancing farm loans? The House broke a precedent, I understand. The Speaker referred the matter to the House as to the disposition of that message. Men who have sat on this floor much longer than I, have stated both on the floor and to me privately, that it has been the custom on all such bills to refer them to the Committee on Banking and Currency, but the House of Representatives, by an overwhelming vote the other day, being dissatisfied with the system that has prevailed in the last few years in this Congress on monetary matters, realizing that this was an opportunity to give some real relief and get away from this damnable policy of issuing new bonds, referred this message to the Committee on Agriculture. I was hopeful that the Committee on Agriculture would report out a bill which would meet with the approval of a majority of the Members of this House. As far as I am able, during the time we are considering this bill, I am going to exert every effort I possibly can to get a vote on the Frazier bill as a substitute for this bill. [Applause.] I recognize, having made the motion, which I will offer if I am able to be recognized—and I believe the rules will permit me to get recognition, unless some unforeseen circumstance arises and some person holding greater rank on the committee than I obtains recognition with some amendment that thus far has not been advanced—unless something happens along that line to take me off my feet, I shall make a motion to recommit this bill to the committee with instructions to strike out all after the enacting clause and insert in lieu thereof the Frazier bill, word for word, as it is now written. [Applause.]

Mr. COX. Will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. COX. My thought on the pending legislation is that the bondholder gets the lion's share of the benefit that is promised.

Mr. BOILEAU. And I agree with the gentleman completely.

Mr. COX. If, then, through the adoption of this legislation the American farmer is sold into a state of economic slavery to the mortgage holder, what hope of relief is there for him except not only through expansion of the currency but inflation, and drastic inflation at that?

Mr. BOILEAU. I agree with the gentleman entirely, and I submit that this bill as it is written today should have been referred to the Committee on Banking and Currency—if we are going to leave it as it is written now—because it is a bankers' bill more than it is a farmers' bill, and it should be under their supervision.

I voted to refer it to the Committee on Agriculture, because I feel that a majority of the members of that committee—in fact, all of them—are anxious to do what they can do for the farmer, but we do not seem to be able to agree upon a plan that will give any relief.

I want to call attention to a few of the provisions of the so-called "farm relief bill". In the first place it provides for more bonds, and I believe it is about time we quit issuing bonds, at least until such time as we have used the resources of the Government sufficiently to expand the currency to the amount that is necessary to carry on the normal business of the country.

It provides for the issuance of 4-percent bonds, the interest to be guaranteed by the United States Government. When we start guaranteeing the interest on these bonds, we might as well admit we are back of the whole thing, because, after all, that is what it amounts to. These loans

are made over long periods of time, and if they can have the guaranty of the United States Government that that 4 percent interest will be paid, the Government might just as well take over the responsibility of backing up the principal as well.

Secondly, this bill provides that loans shall be made to farmers at the rate of $4\frac{1}{2}$ percent per annum. Oh, yes; it provides "not in excess of $4\frac{1}{2}$ per cent", but I will tell you that the experts testified before our committee that you cannot sell bonds in these days unless you sell them at 4 percent. And he also said if you are going to pay 4 percent it is necessary to get $4\frac{1}{2}$ percent interest. I leave it to you whether or not the farmer is going to get any lower rate of interest.

Now, the Federal land-bank law, of which this bill is merely an expansion, provides that when a farmer obtains a loan he must buy 5 percent of the amount of his loan in the stock of some national loan association or land bank. In other words, if he gets a \$10,000 mortgage he gets \$9,500 in cash and \$500 in the stock of a national loan association, and they have not paid interest on those loan-association stocks for the last 3 years, and they will pay interest on those stocks in the near future. So the farmer pays $4\frac{1}{2}$ percent on the \$10,000 when he only gets \$9,500; so that boosts the interest rate a little. Then all of these charges that are made in connection with the investigation, and so forth, are all placed upon the shoulders of the farmer.

Mr. PARSONS. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. PARSONS. Does the gentleman, from his experience, feel that these bonds can be sold for less than 4 percent interest?

Mr. BOILEAU. Not according to the testimony of the experts. They say you must have at least 4 percent. Bear this in mind also, that the very economic conditions that have brought about this terrible plight among the farmers is responsible for the high rate of interest on bonds, according to their statements.

Mr. PARSONS. Mr. Chairman, will the gentleman yield for another brief question?

Mr. BOILEAU. Certainly.

Mr. PARSONS. Is it not a fact that in recent flotations of Treasury issues they are taken at low interest rates? In fact, yesterday's paper indicated that an issue of Treasury notes was five times oversubscribed, and the rate of interest was only 1.75 percent?

Mr. BOILEAU. The gentleman is correct.

Mr. TAYLOR of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. TAYLOR of Tennessee. The proposed Muscle Shoals bill provides only 3 percent interest and also requires that the bonds be sold at par.

Mr. BOILEAU. Yes. The provisions in regard to Muscle Shoals are a little better than the provisions for the farmers. I am in favor of a low rate of interest, but in my opinion there is no possible chance of the interest rate to the farmers being lower than $4\frac{1}{2}$ percent. I think every Member of the House will agree with me in this statement.

Mr. O'MALLEY. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. O'MALLEY. The opinion has been advanced that this is the best bill that we can expect to be brought out during this session. Will the gentleman explain why this is so?

Mr. BOILEAU. I may say to the gentleman that if all the Members go along with the bill and pass it, it is the last chance we will have to do anything about it, and in that case will be the best bill we can get; but if we recommit the bill to the Committee on Agriculture with instructions to report out the Frazier bill we will have a much better bill. And I may say that if a motion to recommit with instructions to report out the Frazier bill fails I shall make a direct motion to recommit the bill to the committee with instructions to reconsider the bill, and then we will bring back a bill that really amounts to something.

This bill is merely a gesture. It is not a real effort to relieve agriculture. It provides that a farmer may not obtain a loan in excess of 50 percent of the value of his land plus 20 percent of the value of his permanent, insurable improvements thereon. I happen to live in a dairy district, and I am more conversant with conditions in the dairy districts than I am with conditions in other agricultural sections. Let me give you an illustration showing why I do not think this will be of any help to the dairy farmers, especially when they are getting 60 cents a hundred for milk that costs them \$1.40 a hundred to produce.

Dairy farms are highly improved. A dairy farm must have a nice big barn with all modern equipment. A dairy farm has more permanent buildings and equipment for a small amount of land than any other type of farm. In my section of the country the value of the real estate and the improvements is divided almost evenly. Fifty percent of the value of the farm consists of land and 50 percent consists of improvements.

Now, if this be the situation, it means that dairy farmers can get only 35 percent of the value of their real estate in the form of a loan; and today, Mr. Chairman, these farms in many instances are mortgaged above the value of the real estate. How in the name of common sense can a farmer refinance his loan under such circumstances when he is only allowed a loan of 35 percent of the value of his farm? How can he refinance the indebtedness that exists on his farm under such circumstances?

Mr. CLARKE of New York. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. CLARKE of New York. Is it not also true that the boards of health of different cities in their inspection of milk-producing farms not only inspect the barns but test the cattle for tuberculosis, require that the milk-cooling vats be separate from the barns, and make other requirements to the extent that before the dairy farmer gets through with his investment the dairy farmer of necessity has a greater investment in equipment than any other type of farmer?

Mr. BOILEAU. The gentleman is entirely correct. This is the reason why the dairy farmers today are not going to get one iota of assistance under this bill.

What applies to the dairy farmer applies equally to that class of farmers who operate on a comparatively small acreage basis, because their permanent improvements in the form of barns and buildings are about equal to the value of the land. The man who has a 3,000-acre grain farm on the prairies has a little frame house and small outbuildings, which have no comparison in value to the improvements on the average dairy farm. He could get a loan of almost 50 percent of the value of his farm.

[Here the gavel fell.]

Mr. CLARKE of New York. Mr. Chairman, I yield the gentleman from Wisconsin 5 additional minutes.

Mr. BOILEAU. Carrying out my thought with regard to these loans, it is argued on the part of the sponsors of this bill that although a farmer having a \$10,000 mortgage on a farm worth \$10,000 can only get \$3,500 with which to refinance his loan, nevertheless this will bring about a voluntary scaling down of the mortgage on the part of the mortgagee. I submit for your consideration that the bill says the mortgage shall not be in excess of 50 percent of the value of the land and 20 percent of the value of the buildings. It speaks of value. This does not mean pre-war value; this does not mean 1920 value; this does not mean 1926 value. It means value at this time. Some say that those applying the provisions of the bill will give a liberal interpretation to this word "value." I hope they take this view of it and will interpret it liberally. But bear in mind that if this bill does result in the scaling down of any mortgages it will not be in the interest of anybody who is in bad condition at the present time.

If a farmer has a mortgage on his farm today equal to the full value of his farm, whether you consider it pre-war or present values, and there is only a small difference be-

tween pre-war values and values at the present time, because, according to the statistics of the Department of Agriculture, the present value of farm lands is about 80 percent of what it was in 1909-14 period.

Mrs. McCARTHY. Will the gentleman yield?

Mr. BOILEAU. Let me carry through this thought and then I will gladly yield to the gentlewoman from Kansas.

I may say that the mortgagee may scale down the mortgage a little bit, but do you expect him to scale down his \$10,000 mortgage below \$10,000 when the farm is supposed to be worth that amount? He might scale it down 10 percent or 20 percent, but he is not going to scale down a \$10,000 mortgage on a \$10,000 farm to \$3,500. It would be poor business, and I have not seen any banker in the country or any insurance companies that have been so generous to the farmers in the past, and I do not believe they are going to be so generous to them in the future. It is impossible to conceive of a holder of any mortgage scaling down that mortgage to less than half of the value of the farm, because he would be foolish to do so, and I do not think there is much chance of that happening.

I now gladly yield to the gentlewoman from Kansas.

Mrs. McCARTHY. Is it not true that 19 different agricultural States have memorialized Congress to pass the Frazier bill?

Mr. BOILEAU. That is true, and I understand that within the last 2 days 2 more have come in, so there are 21 State legislatures that have memorialized the Congress to pass this Frazier bill, and I ask those of you who are from farming sections to remember this.

I want to say to you something that to my mind is more significant. At the present time there is a delegation here of 250 farmers from the leading farming States, particularly from the West, demanding farm relief, and I happened to be at a meeting the other night at which these men were in attendance, and the chairman asked that all those who were in favor of having this administration bill rather than nothing to please stand, and there was not a living soul among them who stood up; but every single one of them arose when the question was put that all who were opposed to the administration bill and would rather have nothing than have it should stand up. Every single one of them arose in response to that inquiry.

Mr. PARSONS. Will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. PARSONS. The gentleman stated a moment ago that the hearings show that these bonds must bear at least 4 percent and stated he did not think they could be sold without that high rate of interest. The Frazier bill, as I understand it, provides for an interest rate of one and a half percent as interest and one and a half percent as payment on the principal.

Mr. BOILEAU. Yes.

Mr. PARSONS. How, then, could the Frazier bill be put into operation if the bonds cannot be sold at less than 4 percent?

Mr. BOILEAU. That is the best part of it all. There will not be any bonds sold. The Federal Reserve Board will take these bonds and they will issue currency on the basis of the bonds and put the Federal Reserve notes into circulation. There will be no interest, no tax-exempt bonds, no United States Government guaranty of interest on 4-percent bonds. This means an expansion of the currency and the putting of more money in circulation.

Mrs. McCARTHY. Is it not true we are now on a suspended gold basis? In other words, we are on a paper standard, and what better paper security for an issue of currency can there be than farm mortgages?

Mr. BOILEAU. I thank the gentlewoman from Kansas for her very valuable suggestion.

[Here the gavel fell.]

Mr. CLARKE of New York. Mr. Chairman, I yield the gentleman from Wisconsin 3 minutes.

Mr. BOILEAU. A year ago when we talked about expansion of currency many Members of the House would rise up and say that if something like that should happen we would

go off the gold standard and they would draw all the gold out of the United States. You have seen what happens when the United States Government decides it is not going to have the gold withdrawn from the country, and there is no danger of our going any farther off the gold standard than we are right now, and I insist we need not have any fear on that score.

Mr. FOCHT. Will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. FOCHT. What will all this scaling down of bonds and all these complexities of refinancing amount to in the way of benefit to the farmer unless you provide a market for his product?

Mr. BOILEAU. I submit to the gentleman that at the present time the farmers in my district require about four times as much milk to pay off their debts as they did at the time they contracted these debts. If we cheapen the dollar and put more money in circulation, it will mean the farmer will get a higher price for his milk. It provides a basis for an increase of the commodity price level, and the other side of the scales is that when you cheapen the dollar you must necessarily increase commodity prices. This is the trouble in the country today. There is over \$250,000,000,000 of debts in the country, and these debts for the most part were contracted at a time when the dollar was cheap, and we are now trying to pay those debts off with dear dollars, and this just cannot be done.

Mr. FOCHT. If I may go farther, did the gentleman notice that the Rural New Yorker, which is a leader in agricultural thought, has a current editorial advocating the thought which I have just expressed—that we must find a market and give our attention to selling farm produce instead of talking about financing debts which we can never pay.

Mr. BOILEAU. I do not know what the Rural New Yorker said, but I want to give you this caution: There are 3,000,000 farmers in the United States who are willing to lay down their implements on May 3 unless you pass some legislation of this kind. Do not forget that this national holiday movement is well organized. There are 182,000 farmers in Wisconsin, and 115,000 out of the 182,000 belong to the holiday movement and have pledged themselves to lay down their instruments and not produce anything and not bring anything to market on the 3d of May of this year unless relief of this kind is given. Farmers in other States are similarly organized. They are all opposed to the pending measure, so far as I have been able to learn, and I am sure that those who have not expressed themselves in opposition to this administration bill will certainly do so at the first opportunity.

Mr. WEIDEMAN. Will the gentleman yield?

Mr. BOILEAU. Yes.

Mr. WEIDEMAN. Is it not a fact that if you double the amount of money in circulation, you increase the price of goods and reduce the debt; whereas, if you divide your currency in circulation you decrease the price of goods and increase your debt, and is not that what is wrong now; and do we not need the expansion of currency provided in the Frazier bill to reduce debts and increase commodity prices?

Mr. BOILEAU. I think the gentleman has eloquently stated the matter in a very few words. That is the whole situation in a nutshell.

I hope you will remember the plight of the farmer and that those of you who have advocated an expansion of currency in one form or another will unite and get back of a bill and pass a bill that will provide for the issuance of currency and then later on we will work out something that will take care of providing a metallic base. [Applause.]

Mr. JONES. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. HOIDALE].

Mr. HOIDALE. Mr. Chairman and members of the Committee, I have not addressed the Members of the House before, and I did not expect to address the House now. This is a surprise to me. I come, however, from an agricultural State, the State of Minnesota. I voted here today for

the rule that was proposed. I do not know that there is anything particularly wrong with that sort of a rule; it is the abuse of the rule that is wrong. As I have watched the proceedings of Congress in years gone by I have come to the conclusion that the Republicans enforced the rule for purposes of serving the Grundys of America, but we are invoking this rule for the purpose of serving the farmers and the common man. [Applause.] That is a proper use of the rule. When such a rule is invoked in an emergency for the purpose of serving the best interests of this country, then it is invoked for a proper purpose. But when it is invoked for the purpose of serving Grundys, it is invoked for an improper purpose.

The farmers have no patience to wait; they want action now, whether it is going to be by this bill or the Frazier bill, or some other bill. We want something done quickly, because men are losing their homes, not only on the farms but in the cities of the country.

Every hour of delay means more children out on the street without homes.

Mr. TERRELL. Will the gentleman yield?

Mr. HOIDALE. Yes.

Mr. TERRELL. I should like to ask the gentleman if he will vote for this bill in preference to the Frazier bill?

Mr. HOIDALE. I favor going along in the unbroken chain. I have started out to serve the administration in the hope that it would accomplish the breaking of this depression. The chain that has been worked out, I think, has been scientifically planned so that it will accomplish the desired purpose. I am willing to go along with the program and permit no break, such as would throw the whole plan into confusion. I am in hopes that the men who designed this structure, those who have made the plans, have so planned that we can go on and finish an edifice which, when completed, will be symmetrical on a foundation that may endure, for the benefit of all.

Mr. ROGERS of Oklahoma. Will the gentleman yield?

Mr. HOIDALE. Yes; I yield.

Mr. ROGERS of Oklahoma. Will the gentleman mention the men who framed this program? Is the gentleman sure that he knows who framed the program?

Mr. HOIDALE. I am informed that the program has been made by the administration. If the gentleman from Oklahoma has any information as to who else did this planning, he should divulge it.

Mr. ROGERS of Oklahoma. I am asking the gentleman a question; who made it?

Mr. HOIDALE. I am assuming that the administration made it.

Mr. HOEPEL. Will the gentleman yield?

Mr. HOIDALE. I yield to the gentleman.

Mr. HOEPEL. Does the gentleman know whether the administration is in favor of fixing on the American farmers a higher rate of interest than they receive on the European war debts?

Mr. HOIDALE. The administration intends to borrow the money as cheaply as it can be obtained. It is not bound to pay 4 percent or any other rate of interest. It will go into the market and get the money as cheaply as may be possible.

Mr. JOHNSON of Minnesota. Will the gentleman vote to substitute the Frazier bill for this bill?

Mr. HOIDALE. I will decide that question when it is reached.

Mr. JOHNSON of Minnesota. I want the gentleman to answer now.

Mr. HOIDALE. The gentleman from Minnesota is not in a position to dictate to this gentleman from Minnesota who is now addressing the House. I will decide that question after having heard all the arguments and after due consideration.

The purpose of this bill is to help the farmer, and I believe it will go far in that direction.

Years of neglect and unfair treatment have placed the farmer at the bottom of the pit. He needs and must have help to get out. I am here to help him to the full extent of

my ability. It is only a question as to what is best to do. So many mistakes have been made in the past and so much abuse has been heaped upon agriculture that the country has in despair turned for leadership to a gallant champion of popular rights now in the White House. That leadership is established in the hearts of America's suffering multitudes. We believe in and we trust Roosevelt. To break the trust, to destroy the faith that our people have in that leadership, is to invite calamity.

With that confidence destroyed, where and to whom would we turn? Let us count the cost.

The administration is now engaged in forging, link by link, a chain long enough and strong enough to pull not only the farmer but all of us out of the ditch into which we have been dumped by those who have ruled in the past.

We are well on the way to that consummation. But if you weaken the chain, if you destroy the forward march of orderly and planned advance—and I say to you with all the earnestness I possess that if you now interrupt in any material way the program proposed you will have put in motion forces that destroy confidence—you will assassinate the trust and faith that now give us a sound basis for hope that a better day shall dawn. Are you willing to take the chance?

On this floor today has appeared evidence of a disposition to inject poison into the minds of the public. It may have been done unconsciously, but the effect is none the less real and destructive.

The gentleman from Oklahoma more than hinted that sinister influences are at work and in league with the President to harpoon the American people. This bill is placed upon this floor by trusted administration leaders in this body as an administration measure. The insinuation is now covertly made that the bill is in fact prepared by Wall Street, or some other selfish interest, for ulterior purposes. In the situation now existing in our distressed land this thrust into the side of a President, sorely beset by perplexing and perilous problems, calls for a rebuke from loyal and patriotic Members of this body.

And no less deserving of condemnation is the intimation made that the Members of the House are being held in line for the administration because the distribution of patronage is withheld. This is not only a false and unfounded reflection upon the Members, but nothing more unfair and untrue could be said about the President. Even the children of America understand that the President, and those who labor with him far into every night, has spent every waking hour in a determined effort to save us from a complete collapse. The administration has, in the interest of the common good, devoted its time to the orderly planning of legislative measures. In the meantime Republicans have continued to hold the offices. As grateful recompense for this self-sacrificing service, the Republicans are now charging that the President withholds patronage in order to employ delay as a weapon.

Fortunately for the President, he is not cast in the mold that employs methods such as attributed to him. In any event, let me remind the country that it is not necessary for the President to rely on patronage as a club. I realize that, to some extent, we must be partisans; but in this hour of agonizing trial and wide-spread distress let us at least be fair to the General who is leading the charge—a charge that we all should support until the hilltop is reached.

In closing, I want to say that there are Members of this House who have but a faint understanding of the farm problem and of the anguish and crushed hopes being suffered by our farm people.

Nothing cuts so deep and nothing hurts so much as the loss of a home that has been cherished as a haven of rest and a harbor of hope. Not only the farmer but the city dweller as well are having this cross thrust upon them.

To remedy the evil conditions that have put this blotch upon the fair face of our land, and to build in the place of these ruins of a grasping and greedy age, an enduring foundation of good will and good times is the purpose to which this administration and this Congress have dedicated themselves.

Mr. CLARKE of New York. Mr. Chairman, I yield 10 minutes to the gentleman from Kansas [Mr. McGUGIN].

Mr. McGUGIN. Mr. Chairman, I guess everyone in this House is really interested in the farmer. Yet the fact remains that when the roll was called today on the rule, the postmaster drew first money and the farmers second money. When you Democrats sat here and voted for that rule today you were voting to keep yourselves in good patronage standing. That is what you were doing, and you know it.

Mr. HOEPEL. Mr. Chairman, will the gentleman yield?

Mr. McGUGIN. Not now. So far as the Frazier bill is concerned, my good friend BOILEAU, of Wisconsin, has high hopes and aspirations that he is going to have a vote in this House on the Frazier bill. My good friend BOILEAU, forget that. The cards have already been stacked against you. That is the reason the rule was passed. That is the reason this bill was brought in here under a rule which would not permit amendments. That rule was brought in so there could not be a vote on the Frazier bill, and why? Too many of the Democrats who voted for that rule have written letters back to their constituents promising to vote for the Frazier bill, and they did not dare permit a situation in this House where there was a roll call on the Frazier bill; so, Mr. BOILEAU, you are not going to have an opportunity to get that roll call.

Mr. BOILEAU. I appreciate what the gentleman says, but the gentleman will recall that I said I should make every effort in my power to bring that about.

Mr. McGUGIN. Let us get to the bill now under consideration. Since when has it reached the point where in a piece of farm legislation this House of Representatives is willing to say to the country that it is wholly incompetent to pass a decision as between this bill and the Frazier bill or any other amendment, for that matter? I rather think that some day and sometime even the embattled farmers back home are going to be able to learn enough about the rules of this House so that they will know that the Members who sat here today and voted for this rule then and there voted against the Frazier bill.

Mr. CARPENTER of Kansas. Will the gentleman yield?

Mr. McGUGIN. Yes.

Mr. CARPENTER of Kansas. Does the gentleman think the farmer back home cares a snap of his fingers about the rules of this House?

Mr. McGUGIN. It is going to be very important and necessary that the farmer learn to care, because it is when these rules are voted that the farmer is holding the sack. I rather think the farmer is going to find out. I understand that John Simpson, the head of the Farmers' Union, on his next national radio hook-up broadcast is going to say to the farmers of the United States, "Don't you pay any attention to those letters you are getting from your Congressmen as to whether or not they are in favor of the Frazier bill." I understand that he is going to ask them to write to him, and he is going to write back and tell them how every Member of Congress voted on the rule today, and if they voted "yes" on the rule, of course that is tantamount to a vote against the Frazier bill. I say that whether the Frazier bill is good or bad, this Congress ought to stand up and meet the issue.

Mr. LEE of Missouri. Mr. Chairman, I should like to interrogate the gentleman from Kansas.

Mr. McGUGIN. I yield to the gentleman from Missouri.

Mr. LEE of Missouri. The gentleman has said that a man who voted for that rule voted against the Frazier bill. I voted for the rule and I am for the Frazier bill, and I am a Democrat. I voted for that rule because we have to have leadership, and we have to put through legislation—something the gentleman's party has not done in 12 years. [Applause and laughter.]

Mr. McGUGIN. If the gentleman from Missouri is for the Frazier bill, then let it be understood that when he voted "yea" on the rule, he voted to make it utterly impossible for him or any other Member of this House to vote for the Frazier bill.

Mr. LEE of Missouri. Oh, the gentleman is mistaken about that.

Mr. JONES. Mr. Chairman, will the gentleman yield?

Mr. McGUGIN. Yes.

Mr. JONES. If the Frazier bill or any other bill is in order, even if we did not have this rule, then it is in order on a motion to recommit, and this rule does not preclude a motion to recommit if the motion to recommit is germane.

Mr. McGUGIN. Will the chairman of the committee now make a pledge to this House that when Mr. BOILEAU offers his motion to recommit and substitute the Frazier bill for this bill neither he nor any other member of the Agriculture Committee will make the point of order against it?

Mr. JONES. I do not wish to make any commitments for myself until the proposition is presented; and, of course, I have no authority to commit other Members.

Mr. McGUGIN. That is what I thought.

Mr. JONES. At the proper time I shall explain my position.

Mr. McGUGIN. I make this prediction, that when Mr. BOILEAU offers his amendment to recommit, to substitute the Frazier bill for this bill, someone high in the councils of the leadership of this House on the Democratic side will make the point of order, and that it will be sustained by a Democrat sitting in the Chair. Until the gentleman from Texas interrogated me, I really expected that he would be the gentleman who would make the point of order.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. McGUGIN. Yes.

Mr. McCORMACK. I was interested in what the gentleman said about this man Simpson apparently becoming a dictator for all the farmers. Does the gentleman approve of any man undertaking to put himself in that position in this country?

Mr. McGUGIN. Oh, I cannot recognize a dictatorship.

Mr. McCORMACK. Does the gentleman approve of his policy if he intends to carry that policy out? I have not a farmer in my district. A man who undertakes to follow that policy is a public menace.

Mr. McGUGIN. If he is, then it is a menace to government for the people back home to find out how we vote and the true import and meaning of our votes.

Mr. RAGON. Will the gentleman yield?

Mr. McGUGIN. I yield.

Mr. RAGON. I did not understand the gentleman to say that he spoke authoritatively for Mr. SIMPSON. I think the gentleman's expression rather bore out the suggestion of the gentleman from Massachusetts [Mr. McCORMACK]. He sort of held it as a threat.

Mr. McGUGIN. No. I will say I do not know whether he is or not, but I think he would be entirely justified in doing it, because the people of this country have a right to know who voted for this rule and what is the consequence of their vote.

Mr. RAGON. Personally, I do not have any objection to the people's knowing how I voted on it at all, but I should like to know when the Frazier bill was first suggested.

Mr. McGUGIN. First suggested here?

Mr. RAGON. Yes; in Congress—in either body.

Mr. McGUGIN. The bill has been in existence for 2 years.

Mr. RAGON. I should like to ask the gentleman, before he inveighs against the Democratic side of the House, why his party did not bring out a rule on that bill 2 years ago when it first came here?

Mr. McGUGIN. My party has not been in control of this House during that time.

Mr. RAGON. They were 2 years ago.

Mr. McGUGIN. Well, I mean during the last two sessions.

Mr. RAGON. But the gentleman knows the Senate was in control of the Republicans until 2 months ago.

Mr. McGUGIN. The gentleman's party has been in control of this House since December 1, 1931.

Mr. RAGON. But the gentleman knows his party was in control of the Senate. Why did the bill not pass in the Senate? You also had a man in the White House.

Mr. McGUGIN. I am not responsible for the leadership in the Senate, and I do not know that the Republican Party has been in control of the Senate for a great many years either.

Mr. RAGON. Well, it has been Republican in profession, in any event.

Mr. BOILEAU. The Frazier bill was first introduced in the House of Representatives in the Seventy-second Congress.

Mr. McGUGIN. Now I want to discuss this bill, if I may.

The mortgages of this country are divided up so that the Federal land banks hold 12 percent of them and the joint-stock land banks hold 7 percent. If I can read and understand this bill—and if I cannot understand it that is not really a reflection upon me, because I am not so certain that a Philadelphia lawyer can understand it, and it will be interesting when the farmers over the country try to obtain relief under this bill—it gives some direct relief to the farmer whose land is mortgaged to the Federal land bank.

To that man, whose farm is mortgaged to the Federal land bank, if I read the bill correctly, this is the relief which he receives: His interest rate is cut to $4\frac{1}{2}$ percent and he is in a position to obtain virtually a 5-year moratorium. Under the present circumstances that is an improvement and is substantial relief.

The CHAIRMAN. The time of the gentleman from Kansas [Mr. McGUGIN] has expired.

Mr. CLARKE of New York. Mr. Chairman, I yield 5 additional minutes to the gentleman from Kansas [Mr. McGUGIN].

Mr. McGUGIN. That is substantial relief to the man who owes the Federal land bank. The man who owes the joint-stock land banks, if I read the bill correctly, will receive the following relief: He is assured that his interest will not be in excess of 5 percent, and he has a 2-year moratorium, provided the joint-stock land bank chooses to borrow any money from the Reconstruction Finance Corporation. Now, if you go beyond that I cannot see wherein any farmer receives any measurable relief from this bill. I think this bill will give relief to 19 percent of the mortgagors of the country. The man who owes the insurance company or the individual or some other agency, if he receives any relief, he must receive it under the section which provides that the holders of mortgages can turn their mortgages in and receive in lieu thereof these 4 percent bonds of the Federal land banks; but the limitation is 50 percent of the value of the real estate, 20 percent of the value of the improvements. If you put that into actual operation, there will not be a single mortgage turned over to the Federal land banks by any holder of a mortgage, except where the farm is not worth the mortgage and the farmer has nothing to be protected.

The only exception there can be to that is if these open rebellions out in the farming country go on, and by force of arms they are unable to foreclose, perhaps then the holders of the mortgages will be glad to trade their mortgages for Federal land-bank bonds. The truth of the thing is, the very enactment of this bill will be the moving force for rebellions such as we have not yet seen in the farming sections against foreclosures, because that will be about the only way you will ever get a mortgage holder to turn in his good mortgage for bonds and only receive 50 percent of the value of the land for his mortgage. Otherwise he will retain his mortgage.

Mr. TRUAX. Will the gentleman yield?

Mr. McGUGIN. I yield.

Mr. TRUAX. What percentage of American farms today are worth the mortgages that are on them?

Mr. McGUGIN. Oh, that is a question, of course, that I cannot answer. I doubt if anyone this side of heaven can answer it. It may be the Lord can answer it. I cannot.

I am going to vote for this bill because I am not going to be in the position of saying that I will not give some relief

to the 19 percent. Just because a bill has been brought in here which does not give substantial relief to 81 percent, and further because this bill is here under a rule which will not permit any amendment which will give relief to 81 percent, I am not going to stand here and vote against giving some relief to 19 percent.

The principal virtue I can see to this bill is that with the enactment of it, and with the failure that is sure to come, perhaps then with another failure we will at last come around to the point where the Congress will enact some legislation that will be uniform in its benefits, and benefit alike every property owner in the United States, whether farm or city, namely, reduce the value of the dollar that pays the debts. I choose to do it through the program advocated by the committee for the Nation which means a reduction in the gold content of the gold dollar. [Applause.]

[Here the gavel fell.]

Mr. CLARKE of New York. Mr. Chairman, I yield 1 minute to the gentleman from Massachusetts [Mr. TINKHAM].

Mr. TINKHAM. Mr. Chairman, I ask unanimous consent to insert in the RECORD a statement which I released to the press several days ago in relation to the arms embargo which is coming up for consideration next Thursday.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. TINKHAM. Mr. Speaker, the present administration apparently wishes war in Asia with Japan, as its proposed policy leads only in that direction.

It has sent to Congress a resolution demanding that the President be given the right to declare an embargo against the shipment of arms or munitions of war to any country in the world he may elect.

This resolution is at this time aimed particularly at Japan and indicates that the present administration has adopted the whole foreign policy of the last administration, which was completely dominated by the British Foreign Office and alien interests. This foreign office and these alien interests have constantly and persistently sought to have the United States abandon for all times its traditional and salutary policy of neutrality.

Impartiality is the keynote of neutrality. An arms embargo violates neutrality, and in international law the country against which the embargo is placed can regard it as an unfriendly and hostile act and as a cause of war.

If an embargo were placed against Japan, Japan would have the right in international law to take measures of reprisals, which might involve the seizure of American ships, the occupation of the Philippines, and ultimately even the engagement of the American Fleet if it came within any region which Japan desired to conquer or to protect; in fact, the making of war.

It has been disclosed (1) that the British Foreign Office has taken up the question of an arms embargo against Japan with the Department of State; (2) that the committee of the League of Nations which is proceeding against Japan has taken up the question of an arms embargo against Japan with the Department of State. This committee of the League is considering the enforcement of article 16 of the Covenant of the League of Nations, which is the war article of the League. Among other things, this article makes provision for determining "what effective military, naval, or air forces the members of the League shall severally contribute for the armed forces to be used to protect the covenants of the League."

It was particularly article 16 of the Covenant of the League, its war clause, together with article 10, which guarantees the territory of the League members, which kept the United States out of the League. For the United States now to take part in the enforcement of article 10 or article 16 would be national dementia.

There is even more than this to the proposal. It takes away from Congress the power to impose an embargo. It gives the President the power to decide which nation is an aggressor nation. It makes the President a judge of foreign disputes. This means that the President can declare war.

In effect, Congress abdicates its power to declare war, the greatest of its powers for the protection of the welfare of the American people. Parliamentary government becomes a mere form. We have in reality a dictator.

The American people will not tolerate a dictator or fatuous policies like those adopted before the last European war—policies said to be policies of peace whereas they lead inevitably to war.

Mr. JONES. Mr. Chairman, I yield myself 3 minutes simply to make an explanation.

The gentleman from Kansas has been here long enough to know that his statement about the situation is wholly inaccurate. The adoption of this bill which will further a program which has been long delayed will not preclude the consideration of the Frazier bill or any other bill that is germane. If it might be offered as an amendment if we had no rule, it could certainly be offered on a motion to recommit.

The farmers are not as foolish as some people seem to think. Three members of the group to which the gentleman from Kansas referred and to which the gentleman from Wisconsin referred appeared before our committee. I talked to them after the hearings. They said they wanted the Frazier bill because they had been told it did certain things, but each one of them said, and said fairly, that he did not care whether it was the Frazier bill or some other bill as long as there was a proper expansion of the currency.

Order is Heaven's first law. What peculiar charm is there in having one wing of a program in a special bill? If this bill goes into effect and the other essential steps are taken, we will accomplish something for the country and accomplish it in an orderly way. [Applause.]

[Here the gavel fell.]

Mr. CLARKE of New York. Mr. Chairman, I yield 2 minutes to the gentleman from Wisconsin [Mr. BOILEAU].

Mr. BOILEAU. Mr. Chairman, I may say in reply to the statement made by the distinguished gentleman from Texas that the Committee on Agriculture has no jurisdiction over matters or bills relating to the expansion of the currency or the issuance of currency, that the Committee on Agriculture ordinarily has no jurisdiction over bond issues, either. This bill, the administration bill, is one which provides for the issuance of farm-loan bonds. The Frazier bill contains a similar provision except it requires that these bonds shall be placed with the Federal Reserve System as security for the issuance of currency. I submit if this committee has jurisdiction over the issuance of bonds it is not a very bad stretching of the imagination to assume it might have jurisdiction of some other method of financing.

Mr. MILLARD. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. Certainly.

Mr. MILLARD. Was not a banking and currency bill sent to the Committee on Agriculture the other day?

Mr. BOILEAU. This is the bill to which the gentleman refers. Many Members of the House were of the opinion that properly it should have been referred to the Committee on Banking and Currency. I voted to send it to the Committee on Agriculture because I believed the refinancing of farm loans was primarily an agricultural proposition.

Nothing was said in the President's message about additional revenue. The message in referring to the matter merely styled it the refinancing of farm-mortgage indebtedness. It did not say whether it should be done through the issuance of bonds or currency. The message was by this House sent to the Committee on Agriculture.

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. TRUAX].

Mr. TRUAX. Mr. Chairman, I voted yea on this rule and I shall vote for the Frazier bill or any similar measure the moment that it is introduced on the floor of this House. I resent the accusation that any farm leader or any Member of this House can go back to my constituency in Ohio and say that my yea vote on this rule is a nay vote on the Frazier bill.

What we need in this country today is action and not words. The farmers of this country want relief and they want this relief now from the money lenders and Shylocks of this twentieth century.

I say to you that every time the sun rises and sets, 3,000 farmers and home owners are having their homes taken away by the money lenders, the insurance companies, the private money lenders, and the joint-stock land banks. They are in mortal fear of that mortgage. The word "mortgage", taken from the two French words "mort", meaning death, and "gage", meaning hand, means the hand of death that is strangling and taking the lifeblood out of them day by day.

I tell you men of this House that back in Ohio our farmers are paying 5½ and 6 and 7 and 8 percent on their mortgage loans, and the enactment of this bill will be a godsend and a savior to these people.

For 12 long years there have been attempts to agree on farm relief bills in this House, and each successive attempt has been abortive and costly to the taxpayers. There is not a man among you who is more opposed to increasing the stranglehold that the banking interests of this country have upon this people. There is none of you more opposed to the issuance of more bonds to restore the power of this discredited group and to place them once again upon their thrones of ill-gotten wealth; but it is not a question of what you want individually, it is not a question of what I desire individually. The question is, What bill can we pass, what measure of relief can we give these people who each night go to sleep with the fear that the next day will be their last upon their old farmstead?

So the question is, On which side will you be, upon the side of these grasping, marauding money lenders who relentlessly demand their pound of flesh, or will you be upon the side of the people who made this great Nation of ours?

I say to you that as for my efforts I propose to be on the side of the tillers of the soil. I say that instead of affording relief to 19 percent, this bill will afford relief to 50 percent. There are three and a quarter million American farmers who are looking today to this House and to the Senate to save them from the strangle hold of these modern Shylocks. [Applause.]

Fundamentally I am opposed to the principle of this bill since all such bond issues only place more power and more wealth in the hands of the discredited bankers, and less in the hands of the Government, which means less in the hands and pockets of all the people who are the Government. However, this is a plan that has been approved and submitted by the President of the United States. He expects Congress to enact this bill into law. Congress should and will enact it into law because it is a part of the President's emergency legislative program, because it offers immediate hope to 3,000,000 farmers who are at the mercy of the money lenders, and because it will reduce farm-mortgage interest rates from an average of 6 percent to 4½ percent, and finally because it insures salvation and peace of mind for these worthy people who stand face to face with the grim specter of foreclosure, bankruptcy, and the poorhouse.

In my judgment it is high time that Congress correct the monstrous injustice done the Government, and hence its people, during all of these years in permitting the bankers of the country to usurp and annex the constitutional right vested in Congress, the Representatives of the people, to print, issue, and circulate the currency of the United States of America. Yet, despite the loathing that further exploitation by the bankers inspires, I expect to vote for this bill.

The people have demanded a new deal. They expected that new deal to apply a stricter supervision of banking and the flotation of securities. They demand a complete separation of commercial and investment banking; they demand that the power and authority to issue and circulate money be taken away from the bankers and restored to the Government where it belongs. The people are opposed to bonding the country into years of burdensome debt to restore to power and throne of slimy gold the discredited, repudi-

ated, tottering money kings of Wall Street. The people thought they had clipped forever the claws and beaks of these vulgar buzzards of crooked finance. Notwithstanding the fact that I personally favor the refinancing of all farm mortgages at 3 percent interest by an expansion of the currency, I shall support this bill 100 percent, because the President believes in it, the people believe in him, and he has faith in our loyalty to him and the people to hold up his hands in any and all measures that he may present to this House.

Out of iron-shod despotism, out of slavery and servitude, justice, temporarily crushed to earth, inevitably rises again. One of the inextinguishable woes, one of the gaping wounds that led to political revolution last November, was the arrogance, the impudence, the greed, selfishness, and lust of a government of, by, and for the bankers. The revolution was fought and won. But the wound is unhealed. Today it is a festering sore, and if not cured soon will become a malignant cancer, whose creeping tentacles will not only destroy again their own institutions but the Government as well. Let us hope and pray that this courageous man in the White House, this Mayo in curing the ills of suffering humanity, will throttle once and for all time the evil, sinister influence of these captains of crooked finance, so aptly described on the floor of this House some time ago as "robbers of widows and orphans."

Even now these powerful banking groups, with the most insidious lobby of all—a lobby that has opposed farm relief, soldiers' bonus, veterans' disability allowance, mortgage moratoriums, and now the 6-hour day—brazenly attempt to dictate the terms of the President's bank deposit guaranty bill for their own selfishness and greed. I have here a letter from one of the big city bankers of Ohio, in which he says:

The Glass bill, proposing to insure bank deposits, will prohibit the payment of interest on demand deposits. However, nothing is indicated as to establishing a maximum interest allowance on time and savings deposits. This appears to myself and other banker friends as being absolutely essential.

The insurance of deposits, as you will readily see, removes any prestige of one bank over another in the solicitation of banking business, and due to this fact the Government should not allow in the proposed bill an opportunity for certain unethical bankers to solicit favorable business on a basis of payment of unsound interest rates on such funds which unethical procedure has in the past contributed in a large way.

Assuming that such a bill passes and becomes law, it is our opinion further necessary that postal savings be disbanded.

Who are the ethical bankers? Who are the sound bankers? Who are the honest bankers? Who are the safe bankers? What are sound interest rates?

Money cannot be loaned back into circulation, because of a lack of security under the present deflation. Nobody wants to borrow money to start in business with falling prices. The plutocratic city press oppose all inflation or expansion of the currency. If this policy is adopted, we can expect nothing else but confiscation, with its disastrous effects. Money should be fed into circulation by paying soldiers' claims in full legal tender—United States notes (prosperity notes)—and the same should be printed to balance the Budget and to refinance farm and home loans. Money should be loaned to farmers at not more than 3 per cent and the old robber mortgages destroyed.

Let us heed the warnings of our most illustrious statesmen:

I believe that the banking institutions are more dangerous to our liberties than standing armies. Already they have raised up a money aristocracy that has set the Government at defiance. The issuing power should be taken from the banks and restored to the Government and the people to whom it belongs. Let the banks exist but let them bank on Treasury notes. (Thomas Jefferson.)

If Congress has the right under the Constitution to issue paper money, it was given it to be used by itself, not delegated to individuals or corporations. (Andrew Jackson.)

If a government contracted a debt with a certain amount of money in circulation and then contracted the money volume before the debt is paid, it is the most heinous crime that a government could commit against the people. (Abraham Lincoln.)

James Eckles, Controller of the Currency under Grover Cleveland, said:

We bankers do not propose to let business have money to carry on until we first get our rake-off. (Taken from the Dearborn Independent, Feb. 9, 1924.)

As Germany loosed the fetters which had bound her for decades to Prussian terrorism and Kaiserism, as Russia cast off the shackles of a despotism worse than slavery, let the United States of America rise up in her wrath and fury and haul down the black flag of the Wall Street money kings and money lenders. Let this Congress heed these warnings and apply the remedy. [Applause.]

Mr. JONES. Mr. Chairman, I yield 5 minutes to the gentleman from Oregon [Mr. PIERCE].

Mr. PIERCE. Mr. Chairman, a few days ago we passed the farm allotment bill, intended to raise farm prices. This bill for relief on farm indebtedness is predicated on the assumption that the prices have been or will be greatly increased. Realization of that hope is too doubtful to be made a basis for a far-reaching law, rewriting millions of dollars in farm mortgages. The allotment bill was admittedly an experiment and a beginning. The supplementary legislation on farm financing was most eagerly awaited. Deep will be the disappointment in many a farm home when the terms of this proposed law are known.

The producers of the food of this country have been led to believe that they would be able to renew their mortgages at a much lower interest rate than that here provided. Interest has wrecked the farmer—usury, protected by legislative acts. It simply cannot be paid in such quantities. He must be put in a position to rent the use of money on terms which have some relation to other values. For more than a century the farmers of America have been the most patient producers of interest in the largest quantities ever known. Interest and the attempt to fix dividends for owners of public utilities have been among the major causes of the present debacle.

The farmer knows that he can give his note to a bank and the bank can take that note to the Federal Reserve and get Federal Reserve notes which will circulate as money. He cannot understand why he may not take his own note, backed by a mortgage on land, through his own organization, to that same Federal Reserve and get Federal Reserve notes which can be used to pay his debts and purchase the articles he needs. The Frazier bill, which makes such provision, meets with his approval.

In my own State of Oregon in many communities the banks have failed and the communities are issuing their own medium of exchange—printed on sheepskin, on wooden blocks, and paper—in an effort to substitute for a neglected function of government.

The farmers recognize that they are permanently outnumbered by the cities and that this trend toward centralization of population has placed them at a great disadvantage in legislative bodies. This bill well illustrates the tendency of such bodies to designate as "farm relief" a measure which is not acceptable to the farming population and is accepted only because the farmer is politically helpless.

The bill is in large part a bondholder's bill, of far more benefit to the mortgagee than the mortgagor. The rate of 4½ percent interest is unreasonably high. It cannot be paid unless there is a rapid advance in price of farm commodities. The prices of farm products are today about one third of what they were when the loans now to be renewed were made. It does seem, in all justice, that the money lender should assume part of the loss.

If the farmer could have had 2 percent for even 2 years it would have been a great encouragement to him. Just think what a benefit the fall in prices has been to the holder of mortgages if he can collect his interest and principal! Wallace's Farmer editorially, March 4, 1933, calls attention to the Grange finding that 4½ percent today is equal to 13½ percent on money loaned in 1925. There is no honest reason why all the enhanced value of the dollar should inure to the advantage of those who lend the money.

The Federal land banks and joint-stock land banks should have been compelled to pass on to the mortgagor part of the benefits that they will receive by reason of the enactment of the law. Lower interest rates should have been provided.

Land debts should have been scaled down. Decrees of foreclosures should have been legally allowed only when the mortgagees were willing to reduce the amount of judgments in proportion to the fall of commodity prices.

It is said this would nullify the sacredness of contracts. We farmers suggest equalization through taxation of the excess amount. Under the terms of this bill there may be some scaling down, but it is all voluntary upon the part of the mortgagee. Shylock can still exact his pound of flesh. There is no mercy to the borrower that the lender is compelled to extend. It is safe to say that on good loans on the best land there will be no scaling down of debts. When the security is doubtful and the risk is considered bad, then, of course, the banks may offer to scale down.

The debtor's situation in the matter of scaling down of debt is not improved by this bill.

Under section 301 loans on first and second mortgages may be made by the land banks up to \$300,000,000. This is a very risky procedure and it is likely that most of the loans made under this section will be lost. A second mortgage is always a bad risk, especially at 75 percent of appraised value. The holder of the first mortgage should have been obliged to give the Government a first lien and to subordinate his lien to second place. By the provisions of the bill the Government virtually guarantees the first mortgage. Should the mortgagee not be able to pay the first mortgage, then the Government must protect the mortgagor or lose its lien. It will be to the interest of every holder of a doubtful mortgage to induce the mortgagor to secure a second loan from the Government, thereby making his loan that much more secure. [Applause.]

Mrs. McCARTHY. Will the gentleman yield?

Mr. PIERCE. I yield.

Mrs. McCARTHY. I believe the statement was made that the Frazier bill was not before the Committee on Agriculture. Is it not true that the bill (H.R. 2855) introduced by the gentleman from North Dakota [Mr. LEMKE] was introduced on March 10 and referred to the Committee on Agriculture, and is not that bill identical with the Frazier bill?

Mr. PIERCE. I think it was not referred to the Committee on Agriculture.

Mrs. McCARTHY. I have the printed bill before me.

Mr. PIERCE. I think the gentleman wanted it to go to the Committee on Agriculture, but it went to the Banking and Currency Committee.

The bonds to be issued are virtually Government bonds. It is true that the interest only is guaranteed by the Government, but that is in perpetuity. It is a well-known fact that debts are seldom paid, they are just renewed. A bond carrying the Government guaranty of interest forever is, in effect, a Government obligation. All the bondholder wants is his interest and tax exemption.

The liquidation of the joint-stock land banks is, perhaps, necessary, but they are certainly receiving an immense advantage in this bill—a loan of \$100,000,000 cash from the Federal Treasury at this time will enable these banks to take many dollars in profit that they should pass on to those who gave the original farm mortgages. A loan of 75 percent of appraised value is really a sale of the property. In most cases the appraised value of a farm is at least 25 percent higher than cash value. Farms have today practically no cash value, and they will not have any until the prices of farm products advance materially.

This bill provides for 2,000 million dollars. It would give \$2,000 each to 1,000,000 farmers. The money would go far to restore agriculture, if it were used in a different way.

Mr. McFARLANE. Will the gentleman explain what effect this bill is going to have on the holders of stock in the joint-stock land banks?

Mr. PIERCE. I do not think there is any question about it—they are liable to assessments of 100 percent on the stock. They got a hundred million out of the Treasury, and this will undoubtedly enable them to buy up a large quantity of bonds selling at a discount.

Mr. McFARLANE. And the stock is only worth 30 or 40 percent.

Mr. PIERCE. The stock is not worth anything, but the bonds are worth about 30 cents on the dollar, although some of the banks are in the hands of receivers.

Mr. PATMAN. Does the gentleman mean that they will be enabled to purchase bonds at 30 cents on the dollar and hold them for 100 cents on the dollar?

Mr. PIERCE. I know banks that hold options on them.

Mr. PATMAN. They will get the Government money and not give the farmers the benefit of it.

Mr. PIERCE. I do not think there is any doubt about it.

Most of the farmers have lost their life's savings raising and selling hogs, cattle, sheep, cotton, corn, and wheat at less than the cost of production. Should the holders of securities take over the farms and villages under their liens, they will find they will have little value as taxes and upkeep will absorb rent value. It is ridiculous to think prosperity can be brought back by giving farmers 4½ percent interest.

The farmer has ruined himself, his banker, his merchant, and his community trying to pay an average of 5½ percent. Can anyone believe that a reduction of 1 percent annually is going to save him? It will take more than this to keep the American farmer from tenantry and peasantry.

We are living in the age of repudiation brought on by no act of those who are obliged to do the repudiating. Our present economic despair is the result of man-made laws that have granted most of the bountiful things of this marvelous civilization to the favored few.

Notwithstanding all the faults of this bill, I shall vote for it. It provides a very thin slice of bread when the farmer expected a whole loaf. It does provide a breathing spell. The hand of foreclosure will be stayed.

When this bill becomes a law many a farmer will have time to collect his scattered resources. In the meantime he will have a roof for himself and his dependents. He can raise much of his own food. For a short time he can keep out of the bread line. It is the best and probably the only law that can be passed at this time.

In the rapidly moving events of this wonderful century, 2 years is quite an extension of time. The farmer must take what amounts to a pauper's oath to secure that extension. Other lending agencies will be affected by this legislation and become more lenient. In fact, in the Pacific Northwest it is freely stated that the insurance companies are more lenient with the borrowers than are the Federal land banks.

All legislation is largely a matter of compromise, and this seems to be the best now obtainable. It must be followed by far more sweeping and effective laws giving to the farmer lower interest rates and lower freight rates. There must be a far more equitable division of the rewards of human effort. [Applause.]

Mr. CLARKE of New York. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Chairman and members of the Committee, I suppose I ought to make the same confession that everybody here can honestly make after hearing the lengthy discussion on this matter, pro and con. I presume we are all going to be in the same position of the judge down in Missouri who, while officially sitting on the bench, was imbibing a little from a bottle of Missouri corn. Along about 4 o'clock in the afternoon he came out of the courthouse and started to throw the saddle onto his horse. He threw the saddle on backwards. There was a young attorney standing there, and he said, "Judge, I think you have that saddle on backwards." The judge looked at him and said, "Young man, how in the devil do you know in what direction I am going?" [Laughter] After we hear 8 hours of discussion on this bill we shall be in the same position as the judge—not know in which direction we are going.

Now, I want to make a confession. I am not a dirt farmer. I was raised on a paved street, and my diet was orange juice and calories. I do not want to represent myself to the members of this Committee that I am a practical dirt farmer. I am not going to be like the gentleman down in Kansas who was a candidate for Congress.

He told his constituents that he was a farmer, that he knew all about it, that he could do everything that was done

on a farm, and all that sort of thing. While he was in the midst of his peroration a little boy got up and said, "Mister, did you ever lay an egg?" Now, when you represent yourself as a dirt farmer it might develop some embarrassment.

But whether I am a dirt farmer or not, and whether the Members of this House are dirt farmers or not, we can all appreciate the plain, uncontrovertible arithmetic of the following illustration: If I have 160 acres of land in Illinois and set aside 40 acres for pasture and then seed 80 acres in corn that raises 60 bushels to the acre at 16 cents a bushel, and 20 acres in oats that raises 60 bushels to the acre at 9 cents per bushel—

Mr. DOBBINS. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. Not now.

Mr. DOBBINS. I want to call the gentleman's attention to the fact that since Mr. Roosevelt became President the price of corn has doubled.

Mr. GILCHRIST. But does the gentleman know that corn dropped $3\frac{1}{2}$ cents last Friday?

Mr. DIRKSEN. It is true that the price of corn has raised some, but not sufficiently to destroy the illustration that I have in mind. If out of the 160 acres I also plant 20 acres in wheat at 35 or 40 cents per bushel, you will find that the income from the 160-acre farm that at one time was worth \$250 an acre is but \$1,200. Now strike off \$1.50 or more per acre for taxation and \$250 for seed, and then strike off for the mortgage that may exist on that farm; you will find that many Illinois farmers do not have the wherewithal to live, they have not sufficient money with which to pay the interest or retire any installment on the principal of that mortgage. That in a sense represents the condition that we are in out in Illinois at the present time. Someone asks how acute the problem is. I shall tell you. The Federal land banks on the 31st of December 1932 had 19,618 farms that they could say were theirs. The joint-stock land banks had 6,406 farms to which they had title. Then the 20 leading life-insurance companies of America had title to 22,000 farms. There is a total of 48,024 farms which became the property of the mortgagees, and that indicates in a sense how acute the condition is at the present time. Then, the incidental problem which goes with it is this.

It is represented in the millions of dollars of bonds that have been sold to people, who thought that a farm-mortgage bond was a gilt-edge security, something that really was worth while. These people are now suffering and in distress, because they cannot collect either the principal or the interest which is due them on these bonds. The farm distress, therefore, not only affects the country, but it affects the people in the municipalities all over America, as well. What is the reason for this distress? Precisely what I pointed out a moment ago—ruinous prices for agricultural commodities. What relief can be afforded? Either raise prices or lower the fixed charges against the farmer as is proposed in this bill. There are, however, some items in this bill that require mending. One in particular relates to joint-stock land banks, which, by the terms of this bill, are to be liquidated.

I want to fall in line with what the gentlemen here had to say about the joint-stock land banks. The fact is that on the 31st of December 1932 the joint-stock land banks had outstanding, in round numbers, \$459,000,000 in mortgages and \$427,000,000 in bonds. The net worth of the mortgages owned by the joint-stock land banks over the bonds issued by the joint-stock land banks was approximately \$31,000,000. Under the terms of this bill, what is to prevent them from going to the Reconstruction Finance Corporation, taking a portion of the \$100,000,000 that will be made available to them, and purchasing some of the bonds outstanding, so that ultimately they will have a mortgage set-up or a capital-structure set-up, without any outstanding indebtedness in the form of bonds?

The question was raised here as to what the quotations on the bonds are. Here is a quotation that comes from La Salle Street in Chicago, dated the 15th of March 1933. In Chicago those bonds are selling for 16, and in the defunct land bank in Minnesota they are selling for 7. The price

range for all of these bonds issued by the 46 different banks runs from 7 to 60, and in most cases it is around 25 and 30. So that with the \$100,000,000 made available under this bill to the joint-stock land banks it will invite and encourage speculation and make it possible for these banks to buy back their bonds and keep their mortgage structure intact, and thereby enrich the holders of the stock. Under such conditions, where does the poor farmer get off? He gets no particular benefit, provided his mortgage is being held by one of these banks.

While I should like to see some amendments incorporated in this bill, I am not insensible to the need for immediate action in behalf of the millions of distressed farmers of the Nation, and I therefore believe that I can follow the rest of the gentlemen who have talked here this afternoon and say that I am going to vote for this bill in the hope that it will do some good. I am afraid, however, that the section which relates to the orderly liquidation of joint-stock land banks will probably encourage speculation so far as joint-stock land bank bonds are concerned, and in that proportion diminish the benefit that might ultimately accrue to the American farmer. [Applause.]

Mr. JONES. Mr. Chairman, I yield 5 minutes to the gentleman from Massachusetts [Mr. HEALEY].

Mr. HEALEY. Mr. Chairman and members of the Committee, the district I represent in Congress has not a single farm in it and I do not know of a farmer who resides there. However, I am going to support this legislation, because I realize the sad predicament of the farmer. But I wish to call attention to a like situation confronting the home owner in our urban districts and the concomitant situation of the municipality in which he resides. This farm-mortgage assistance is but one chapter in the whole comprehensive plan, and it is but one step in the rehabilitation of home owners, urban and rural. Throughout these days of emergency legislation we have all had constantly before us the critical situation of the small-home owner and have been awaiting the day when we could have legislation designed to deal, swiftly and directly, with his immediate problems.

I am sure that we are all happily and agreeably gratified by the press notices of April 9 which assure us that our great President, struggling with the almost insoluble problems thrust upon him as a resultant outgrowth of this depression, in his wisdom and far-reaching vision, has brought forth a plan for the relief of the urban-home owner.

Briefly, this plan, according to press notices, is as follows: it is similar to the farm-mortgage relief plan. A corporation would be established to handle home mortgages with funds supplied by a \$2,000,000,000 bond issue. This corporation will entertain applications for relief from small-home owners unable to meet their payments, either in principal or interest, and where the holders of mortgages are threatening foreclosure. The corporation will propose to the holder of the mortgage that it take over the mortgage from him at a proportional figure—which figure is yet to be determined. In exchange for his mortgage, the mortgage holder will receive a bond of the corporation in the amount of the revised mortgage, bearing interest at 4 percent, which interest will be guaranteed by the Government. It is believed that mortgage holders generally will be happy to liquidate their dubious mortgages at a considerable sacrifice rather than face the possibility of having the property thrown back on their hands. The reductions in principal effected will be passed on to the home owner and he will be given a moratorium of 3 years in which he will not be asked to reduce the principal but, of course, he must meet the interest payments. The amount of interest to be charged the mortgagee by the corporation has not as yet been settled, but it is predicted that it will be higher than the 4 percent paid by the corporation. This legislation, now in the process of formation, would differ from the farm plan in that it would cover only existing debts and would not be used for new finances. It is the President's aim, of course, to have the lowest possible rate of interest charged.

Such legislation will extend to the home owner sorely needed relief, and it is my hope that it will be enacted into law as swiftly as possible. But, in my opinion, it deals

with but one part of the problem. There still remains the delinquent-tax situation, which is imminent and which affects both the taxpayer and the structure of his local government.

Over 1,000 municipalities throughout the country (leaving only 7 States unaffected) are in default on municipal bonds. Two thousand more municipalities are facing default within the next year. In a circular received from the mayor of Coral Gables, Fla., the situation is epitomized in the following words:

Municipal default immediately starts a vicious circle of further and progressive impairment in market values (and, necessarily, in values for the purposes of taxation) of real estate in the defaulting community; stagnation and extinction of equities through continuing depreciation; a renewal of the flood of foreclosures; distressed owners, apprehensive of confiscatory taxation, "dumping" their holdings; concentration of ownership of real estate in the hands of mortgagees, and further competitive price-cutting, driving down the price level, and the elimination of the small-home owner. The result would be steadily decreasing property values, progressive attrition of the means of property owners; tremendous impairment in tax collectibility and in the security of the bondholder.

Many of our cities today have tax deficiencies as high as 40 and 50 percent and predictions are made that, by next year, unless a remedy is provided, the astounding proportions of from 60 to 80 percent may be reached. Taxes have increased to unthought-of figures and the strange anomaly has been presented of assessments generally increasing while real-estate values have been in decline (in many cases they have fallen to one half their values in 1928 or 1929). In my State of Massachusetts, in the last 10 years, taxes paid locally on real estate and tangible personal property have increased from 122 million to 205 million dollars. The cost of public welfare in Massachusetts has gone from \$5,000,000 in 1930 to \$30,000,000 in 1932.

Real-estate holdings are the true mainstay and backbone of municipal revenue. Today, in Massachusetts, real estate and other tangible personal property is paying about two thirds of all the taxes, although, in total, it makes up only one sixth of all the wealth in that State. In short, on the one hand, the income of the home owner has been tremendously reduced by declining wages and unemployment, and the value of his property has decreased; and, on the other hand, his assessments have not decreased, his tax rate has greatly increased, and the burden of taxation borne by him has increased by over 67 percent in the past decade. Such a condition can have no other effect than to work speedy and certain disaster on this class of people and, correlatively, upon the municipalities in which they reside, unless measures of relief are rapidly adopted.

The fate of the small-home owner is integrally related with the existence of the community. Present conditions have made inevitable a tremendous number of defaults in the payment of taxes. According to the figures of the Federal Home Loan Bank Board, real-estate foreclosures during 1932 were 274.9 percent higher than in 1926. And this figure bids fair to be even larger this year. As other sources of city income dry up, more and more of the burden of taxation is shifted onto the shoulders of the home owner. The condition of the city treasury is quickly affected when the income of the home owner is diminished. These home owners represent the blood stream of the community. Permit an embolism to occur in this blood stream and the very existence of the community is jeopardized.

In 1895 Nathan Matthews, then mayor of Boston, delivered a valedictory address in which he prophetically stated that the object of a municipality—

is not to make a pecuniary profit for its members, but to provide for their safety, health, and comfort, their education and pleasure, to relieve their poor and help their sick, and generally to do things that no business corporation was ever chartered to accomplish.

In this time of great distress and adversity it is absolutely essential that these communities go on performing their functions lest the hundreds of thousands who are now in need and want should be abandoned into a condition of utter desperation. Yet the burden of such service has been increased to such a staggering total that the existence of the com-

munity undertaking it is menaced unless the firm, helping hand of the Federal Government is extended to assist it.

This Nation owes its greatness to that sturdy class of small-home owners who have battled courageously and self-sacrificingly in order that the coming generation might grow up in surroundings and environment most conducive to the normal and healthy development of mind and body, an environment which would inculcate qualities of character and civic pride. The home represents the highest development of our family life. Here is preserved the family unit so necessary to our national existence. In any community the home owner is the valued citizen. He has built his castle there and is most interested, for the sake of those dearest to him, that orderly government obtain. He pays the bill to maintain the services of government in that community.

The CHAIRMAN. The time of the gentleman from Massachusetts [Mr. HEALEY] has expired.

Mr. JONES. Mr. Chairman, I yield 5 additional minutes to the gentleman from Massachusetts.

Mr. HEALEY. In many instances his ownership of an equity in a home represents years of struggle and sacrifice, thrift and economy, industry and self-denial, to the end that a home may be owned in which those dear to him may dwell in the circle of the family to be nurtured in ideals which will make them worthy to become our Nation's citizens. Here are deposited the savings of a lifetime and here reside his fondest hopes and most cherished ideals. Our Nation owes him much. He should not be forgotten in this hour of adversity.

In order to meet the delinquent-tax phase of the situation a bill has been introduced by my distinguished and able colleague and esteemed friend, Mr. McCORMACK, of Massachusetts. This bill has a kindred purpose of aiding the small-home owner. It, moreover, provides a method whereby States, counties, and local political units may receive revenue from taxation which is now incapable of collection except by tax sale. This bill, H.R. 4358, proposes that the Federal Home Loan Bank Board, or such other agency as the President may direct, be authorized to make loans to any home owner of not more than one family dwelling, if such dwelling is designed for the use of not more than three families, for the purpose of enabling him to pay taxes, including penalties, on such dwelling which are unpaid at the time of its enactment and to pay such taxes for a period of 2 years after the enactment of the bill. It further provides that the President be authorized, if he finds that continuing economic conditions require it, to extend the provisions of the bill for another year. Under section 3 thereof the bill proposes that loans shall be made only to those home owners who have made a diligent effort to meet such tax payments, but whose inability to meet the said tax payments is due to unemployment or other consequences of the depression. It provides that the loans shall be made for a term of not more than 2 years and shall bear interest of not exceeding 4 percent per annum. The loans shall not be paid directly to the borrower, but rather to the collector of taxes, or official charged with the duty, under the law, of receiving taxes. To provide funds for the carrying out of this legislation, the Reconstruction Finance Corporation shall allocate and make available to the Federal Home Loan Bank Board, or that agency which the President may direct, the sum of \$500,000,000, or so much thereof as may be necessary. The Reconstruction Finance Corporation is authorized, under its terms, to raise this sum by the issue of bonds, notes, debentures, or other obligations.

Thus, we have two very meritorious propositions designed to relieve the present distress of the home owner. They are correlated and supplementary. The President's plan purposes to relieve the tension insofar as the payment of the principal and interest on the mortgages is concerned. The McCormack bill makes provisions for the tax-deficiency aspects of the situation. The problems of the municipality and those of the home owner are inseparably connected. Let us then face the situation in its entirety and pass such legislation as will render relief to both. For this reason I

would urge that the McCormack bill be considered simultaneously with the President's proposal and its features be incorporated into legislation following the President's proposal—to the end that family life may be preserved in our Nation and our municipalities strengthened by the revenue which will flow from the collection of delinquent taxes. [Applause.]

Mr. JONES. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. ARNOLD, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H.R. 4795, the farm mortgage refinancing bill, had come to no resolution thereon.

EXTENSION OF REMARKS—FARM MORTGAGE REFINANCING BILL

Mr. JONES. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days within which to extend their remarks on the pending bill.

Mr. GILCHRIST. And on the rule, also?

Mr. JONES. And on the rule.

The SPEAKER. Does the gentleman from Texas mean 5 days from the passage of the bill?

Mr. JONES. Five days after the passage of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. JONES]?

There was no objection.

Mr. HOIDALE. Mr. Speaker, considering that the whole farm-relief program will probably go to conference to be finally whipped into shape, I call attention to suggestions made by E. G. Quamme, of Minnesota, formerly president of the Federal land bank at St. Paul. The plan has found much support in the West, and I will set out briefly an outline of the proposal.

Loans would be made by the Federal land bank upon a fair appraisal of the real value ascertained by agreement between bank appraisers and local experts, such as county agents.

Against and upon these mortgages the bank would issue bonds.

These bonds would be pledged by the Federal loan bank with the Federal Reserve bank and used by the reserve bank as a foundation for a currency issue. The reserve bank would hold the bonds and pay for them by turning over to the Federal loan bank such new currency, dollar for dollar.

This currency would be used by the Federal Reserve bank to hand over to the farmers in exchange for the mortgages accepted.

It is suggested that the interest rate be made as low as 2 percent, one half of 1 percent to cover costs of operation and to establish an insurance fund against possible losses, one half of 1 percent to go to the Government as a source of revenue, and the remaining 1 percent to be placed into an amortization fund, which would provide for the automatic retirement of the currency.

This plan would afford a way of expanding the currency without the danger of continuing inflation. It would, in fact, provide for gradual cancellation of the new currency to the extent that farmers would be reducing their mortgage obligations by reducing the loan principal; that is to say, the currency would be reduced to the extent of the amortization principal paid.

The thought behind the plan is that it would serve a double purpose: Give the farmer a chance to get away from an interest loan that is crushing, and it would also, because of the currency expansion, raise prices on its products. The improved financial condition on the farms which would result would tremendously increase purchasing power and business activity.

This is a brief and rough outline which may well be considered and compared with the many other remedies now advanced for relief of interest burdens and as a medium for advancing prices on all products to a higher level. It is claimed that, with proper provisions to guard against abuses

and dangerous extremes, this form of security as a basis for currency would be entirely sound and feasible, and there is now an increasing number of people who share this view.

Mr. SMITH of Washington. Mr. Speaker, the passage of this measure will mark another step in the administration program to revive agriculture, restore confidence, and bring back prosperity to the American people. This bill is not entirely satisfactory to the farming interests, who are disappointed in some of its provisions, but it is decidedly a step in the right direction and will do much good. It is far superior, in my opinion, to all the legislation of a similar nature enacted during the past 12 years. Indeed, it will extend financial aid in a beneficial manner and to an extent which has not heretofore been even attempted. I shall, therefore, be happy to give it my affirmative vote.

However, I should have much preferred to have this important bill considered under the 5-minute rule, with an opportunity to offer amendments. I voted against the resolution to consider it under suspension of the rules, with no privilege to amend. I have the highest regard for the able chairman and members of the Agricultural Committee, who reported the bill in its present form, but I am a strong believer in the fullest and freest consideration of all measures that come before this representative forum of the people. I am well aware of the fact that the Republicans in the past have, as a majority party, brought in their administration measures in the same parliamentary fashion as is being done by the Democratic majority now, so I have not been nor will the country be much impressed by their outbursts against a method of procedure which they have invariably followed when in power. What I contend for is that the Democratic Party, as the great, progressive, and liberal party of the Nation, should now pursue a truly Democratic course, regardless of the modus operandi of a reactionary political organization which has been repudiated by the electorate.

Ladies and gentlemen of the House, if this bill were subject to amendment, a lower interest rate would undoubtedly be proposed. I am fearful, judging from the expressions of the farmers in my part of the country, that they will be unable to pay 4½ percent plus amortization fees.

Furthermore, I believe that a proviso should have been incorporated to the effect that as part of the consideration passing for the benefits, privileges, and emoluments enjoyed by the Federal land banks and joint-stock land banks said banks be required to grant credit by way of offset and counterclaim for their bonds surrendered by the farmers on their mortgage indebtedness. This would have enabled the farmers to derive the benefit from the low market price of these bonds and thereby reduce their mortgage debts correspondingly, for the bonds are to be liquidated at par. I believe that such a stipulation predicated on the element of consideration would have been sustained and upheld by the court. However, the substantial relief and benefits which will accrue to the farmers by the refinancing, moratorium, and other meritorious features of this law will more than outweigh these omissions and its less desirable sections, which can be corrected in subsequent legislative acts of the Congress.

Mr. LEMKE. Mr. Speaker, we are fiddling while Rome is burning, blind to danger signals, drunk with power which is always blind to reality. So far we have passed no real legislation to relieve the depression. The so-called "relief measures" that have been passed are make-believe and not real. They have not checked unemployment—there are more unemployed today than there were on March 4. The farm relief bill and the refinancing of agricultural indebtedness bill—bills passed by the House—are simply muddying the water. The only relief in these bills is in the title. The substance is a stone in place of bread.

If, when this Congress opened, we had had the courage to pass the Frazier bill, the cost of production for that part of the farm products used within the United States, the Patman bill to pay the soldiers in cash, and the Wheeler bill to remonetize silver, and then adjourned and gone home, this Nation would have experienced the greatest

period of prosperity it ever witnessed. In place, we have been fiddling while Rome is burning. We are concerned with make-believe legislation but not with realities, and unless we get down to business and heed the danger signals all along the line, we will have a rude awakening. One hundred and twenty-five million people will not forever submit to the stupidity of a drifting and floundering government, when millions are starving in the midst of plenty.

I here quote from resolutions adopted by farm organizations which show that there is intelligent and constructive thinking going on throughout this Nation.

I quote from a resolution adopted by Dunn County Farmers' Union, Dunn Center, N.Dak., March 16, 1933:

* * * Whereas agriculture, the basic industry of the United States, has long been struggling to keep up an existence and getting nothing in the form of relief except political promises, until now this industry has reached a stage where farmers cannot go farther without the complete loss and sacrifice of their homes; * * * Now, therefore, be it

Resolved by the Dunn County Farmers' Union, assembled in regular meeting at Dunn Center, N.Dak., on March 15, 1933, That we demand that our United States Congress, now in special session, immediately consider and enact far-relief legislation that will guarantee the farmer cost of production for that part of his products consumed in the United States.

Further, That farm indebtedness be refinanced such as provided for in the Frazier bill. * * *

I quote from another resolution adopted by an assembly of citizens of Redfield, S.Dak.:

Whereas the authors of the Bill of Rights, the Articles of Confederation, the Declaration of Independence, and the Constitution of the United States of America have provided for changes in the operation of laws and customs to conform to changing conditions and the requisite of the common welfare arising from such changed conditions; and

Whereas President Herbert Hoover and our President, Franklin D. Roosevelt have declared unequivocally that expansion of the currency circulating is primarily essential for the return of prosperity. President Hoover urged the enactment of the Reconstruction Finance Corporation on the ground that it would give the country "a potential currency inflation of \$20,000,000,000", and that "the country has need of it for a revival of prosperity"; and

Whereas the United States Government has admitted a debt due the World War Veterans and evidenced same by granting them certificates payable in 1945 and * * *

Quoting again from a resolution adopted by Eureka Local No. 670 of the Farmers Union of Ward County, N.Dak.:

We, the 105 members of Eureka Local No. 670, of the Farmers Union of Ward County, N.Dak., assembled in special meeting, this 23d day of March 1933, do resolve that we are squarely behind the Frazier refinancing bill, as it was originally drawn, and we demand that the same be passed at this special session of Congress.

Quoting from another resolution adopted by Ward County Farmers Union convention:

We, the Ward County Farmers Union, in quarterly convention at Minot, N.Dak., this 22d day of March 1933, representing 2,000 farmers, do resolve that we are squarely behind the Frazier refinancing bill as it was originally drawn and demand that it be passed at this special session of Congress without delay.

And from another resolution adopted by Ellendale Farmers Union, of Ellendale, N.Dak., I quote:

Whereas the United States Government has made such liberal loans to the bankers, railroads, and insurance companies at a very low rate of interest to tide them over the present period of depression, and

Whereas agriculture has been repeatedly deflated every year since the end of the great World War, with the result that the agricultural industry is on the verge of utter bankruptcy; and

Whereas the prices for agricultural products have been depressed to such an extent that it will take at least three times the amount of agricultural products to pay a loan made a few years ago. In other words, it is equivalent to trebling the principal, interest, and taxes, and—

I also quote from a resolution adopted by Watford City Local, of the Farmers Education and Cooperative Union of America, at Watford City, N.Dak., April 1, 1933:

Whereas we believe that the present economic condition has become so grave that immediate action is necessary if our Government is to continue to exist and its people given a fair chance to recover from this unprecedented depression. Millions of our people have lost the savings of a lifetime and have been thrown on the mercy of society for support; all avenues of relief are becoming exhausted, and unless speedy action is brought about guaranteeing cost of production to the farmers, and employment

at reasonable wages for the millions of unemployed the inevitable result cannot be in question. Now, therefore, be it

Resolved by the Watford City Local of the Farmers Educational and Cooperative Union of America in its regular meeting held at Watford City, N.Dak., April 1, 1933, That we most emphatically urge upon Congress and the President that the following bills be passed.

I quote from another resolution adopted by North Dakota Holiday Association of Sargent County, Forman, N.Dak., on March 25, 1933:

The North Dakota Holiday Association of Sargent County held a mass meeting in the courthouse at Forman, Saturday, March 25. The object of this meeting was to discuss the mortgage situation and elect a council of defense to prevent mortgage foreclosures, both real estate and chattel.

Resolved, That we are in favor of the immediate passage of the Frazier farm relief bill, or legislation along exactly similar lines, and are opposed to any patching up of the present farm-mortgage system, or any system that provides for higher interest rates on farm mortgages than the rates paid to the Government by the Federal Reserve System.

Resolved further, That a copy of these resolutions be sent to each of our Senators and Representatives in Congress.

I quote from another resolution adopted by North Dakota Holiday Association meeting at the courthouse in Crosby, N.Dak., April 8, 1933:

We urge Congress to immediately pass legislation for the refinancing of the farm indebtedness under the provisions of the Frazier bill, or similar legislation. In any event, the interest rate and amortized payments should not exceed 3-percent interest. The business of financing should come directly from the Government without the intervention of banking racketeers to add more to the farmers' interest rate.

I quote finally from a resolution adopted in Bottineau County at a holiday association meeting from eight counties where there were 4,500 farmers present, held April 10, 1933:

SECTION 1. We demand that the Federal Land Bank of St. Paul permit farmers now living on foreclosed land, or that may hereafter be foreclosed, to retain possession of the premises, whether foreclosed or not, and that those farmers be refinanced to repurchase said land. Any other course is certain to cause serious trouble and loss of life. These farmers have no place to go and cannot be removed without wide-spread disorder.

SEC. 5. We insist upon the cost of production being in any price-adjustment plan enacted by Congress.

SEC. 6. We insist that any plan of the Federal Government to finance the farmer be handled by the issuance of currency and not by a bond issue; and that the rate of interest to farmers shall not exceed 1½-percent interest and 1½-percent amortization.

Mr. JOHNSON of Minnesota. Mr. Speaker, in taking the floor today, I rise for the first time during this extraordinary session of Congress, a Congress that was called almost immediately to consider what we in the Middle West understood to be that of passing adequate and protective farm-relief legislation.

The administration bill that is now before us, is not what we can justifiably say "fills the bill." It does not do the things that are most needed by the farmer, and that is a low rate of interest on the refinancing of his loans.

It is needless for me to tell this House of Representatives the condition that our farmers are now in. His place is one almost of pitiful servitude; he is without purchasing power to buy the necessities of his household; he can feed but he cannot clothe his family properly or give his children adequate education for the lack of the essentials that are necessary. Many thousands have already lost their farms, have become tenant farmers, other thousands have heavy mortgage obligations, and are steeped in debt with delinquent taxes. The American farmer is almost beyond redemption. He needs sound governmental action.

I tell you the farmers of this country know what they want in the way of legislation. Farm delegations have spoken to me and many of us here and have expressed a desire for adequate financial legislation. They have appealed for the passing of the Frazier bill for refinancing farm mortgages at the rate of 1½ percent and 1½ percent principal on the amortization.

They ask for and need a low rate of interest. The rate embodied in this administration bill I feel is too high. It

is still oppressive, and the only redeeming feature is the 5-year breathing spell it offers. They asked to be placed on a parity that Government has given industry and manufacturing. They are but seeking governmental protection and say, "Congress, you have given 'big business' of this country billions of dollars. You have upheld private industry when they have appealed to you. You have gone to the rescue of the corporations and monopolies, and now we ask you to help us, the American farmer. We ask you to give us low rates of interest on our farm mortgages, and we ask you to set a cost of production so that we may be able to earn a little on our investment and enjoy some purchasing power."

The farmer has been the victim of campaign promises for more than 8 years. He was told by previous administrations that adequate legislation would be given him. These previous administrations have failed utterly and abysmally in this respect. They have sidetracked the farmer, and by a series of events he has been forced to sell his products at a low level never before reached in the history of this country. Now we have a "new deal" in the White House, and I honestly believe that the President is anxious to help the farmer. I really believe he is desirous of doing the right thing for agriculture.

I am going to vote for this bill, although I feel that the proper relief is not promised for the farmer. I believe that the interest rates in this bill will not give the average farmer the relief he needs, and I feel that the issuance of bonds instead of Federal Reserve notes is a mistake, and I would like sincerely to see the Frazier bill for refinancing substituted for this one.

The international bankers have led unthinking people to believe that if the Frazier bill were passed there would be too much money in circulation. Our present miserable condition is due entirely to the fact that there is not enough money in circulation to do the money-work. Economists tell us that there ought to be \$50 per capita in circulation in the United States, but, as a matter of fact, there is not over \$5 per capita in actual circulation among the people. We do not care how many billions a few racketeers may have locked up or hidden away. That is not in circulation. These unreasoning people, parrotlike, use the Wall Street expression and talk glibly about "soft money" and "flat money", when they have not the faintest conception of what money is and what its purposes and functions are. Parrotlike they repeat these words without knowing what they mean. There are still a few foolish enough to talk of a gold standard, but if they will go and take a Federal Reserve note to the United States Treasury and ask for gold, they will find that the United States is not on a gold standard and that this paper will not be redeemed in gold. In fact, the United States is so far off the gold standard that it is a crime for you to have gold in your possession. That is as it ought to be. Paper money representing services and the promise of our Government to redeem it in services and commodities is good enough for any intelligent man or woman. If these critics would stop and think and inform themselves on the subject of money, they would discover that our Government prints Federal Reserve notes and gives them to the Federal Reserve bank for the international banking clique at seven tenths of 1 cent per bill—the cost of printing. This bill may be for \$1 or for \$1,000, and all that the Federal Reserve bank pays Uncle Sam is seven tenths of 1 cent per bill, and it can be kept for 1 year or for 10 years.

They would discover that at present their Uncle Sam has, printed and outstanding, approximately four billion of this paper money, which the international bankers get through the Federal Reserve bank for the cost of printing—seven tenths of 1 cent per bill. They would discover that the larger portion of these Federal Reserve notes have been recently issued to a few large cities in the eastern part of the United States.

When these big boys get it it is not fiat or soft money. Just a few days ago we printed \$2,000,000,000 to give to the

big banks, but because we charged them one half of 1 percent tax per annum, and because they have no further paper securities, and because the poor devils who they have been charging usury rates of interest have no further securities or homes to mortgage, they all having been mortgaged heretofore, they refuse to take it. What would be the matter with loaning that \$2,000,000,000 to the farmers through the Frazier bill? The farmers would be glad to pay one half of 1 percent tax on it, and they can give real security—first mortgages on their farms.

When the big boys get it it is not fiat or soft money, but when the farmers or the soldiers ask for two billion of Federal Reserve notes on the same terms and conditions that the international bankers get them, then these bankers and their unintelligent followers begin to yell "flat money" and "soft money." It is sound money when your Government gives it to the banking clique for the cost of printing; and then when the Government gets four or five billion dollars in the red, borrows its own money back and pays 2- 3- and 4-percent interest on it, then it is sound money in the minds of the bankers and unreasoning people.

Again, the national-bank notes are based on debts and not on gold or silver. This, Wall Street never explains to its followers. The people think that these notes are based upon gold. The truth is that money is but a unit of exchange, a yardstick with which we do business and exchange goods and other commodities. There are not enough units or yardsticks to go around. That is why 90 percent of the homes and public buildings in this Nation need painting and repairs. If the owners of these buildings had money enough to buy the paint and hire the painters, the farmers' flax would go up to two or three dollars per bushel overnight. They would not be able to raise enough flax in the next 5 years to supply flax for linseed oil used in paints. This depression is due to the fact that we have not enough money with which to do business; therefore we in Minnesota are for the Frazier bill, which provides that the United States Government shall refinance existing farm indebtedness at 1½ percent interest and 1½ percent principal on the amortization plan, not by issuing bonds but by issuing Federal Reserve notes secured by first mortgages on farms, the best security on earth.

During the war the Government increased the money in circulation by giving to the people about \$2,000,000,000 new money—Federal Reserve notes—to use as a revolving fund with which to buy billions of dollars of Liberty bonds. Then, in 1920 and 1921, it deflated and took \$2,000,000,000 away from the people in the short time of 8 months and wrecked the prosperity of the Nation. That is when the deflation began. We farmers have been selling the things that we have been producing below the cost of production since 1921. We have lost all our equities and all our savings, and now the depression has reached the business people. When the Government gave us \$2,000,000,000 to buy Liberty bonds it was not fiat or soft money, but when we now ask for \$2,000,000,000 to use as a revolving fund with which to refinance 9½ billion dollars of farm indebtedness, then it becomes soft money in the minds of Wall Street and unthinking people.

I cannot understand how any person who is fairly well informed on what money is, and its functions, should be afraid that if the Frazier bill were passed that then there would be too much money in circulation, when, as a matter of fact, the average individual that parrotlike repeats the expression "flat money" and "soft money" is generally a poor boob that has not \$2.50 in his pocket or even enough to buy a meal. Just why he is so foolish as to use the Wall Street language I cannot understand.

If we would only open our eyes and look about and calmly view the wreckage—whole communities without banking facilities, 80 percent of the homes and buildings of this Nation unpainted and in sad need of repairs, millions without work and millions more starving, and all because we have not enough money, enough yardsticks, with which to do business and exchange our goods and services—then we would realize

that we must have an expansion of currency; that we must refinance the farm indebtedness; that we must have more money. The Frazier bill will do all these things.

We farm representatives are not satisfied with the so-called "administration bill." We believe it to be a bankers' bill. We do not believe that it meets the expectations and hopes given by the President's inaugural address. We feel that the President should consult with the real farm leaders, such as John Simpson, and with the farm representatives of agricultural States.

Mr. TURNER. Mr. Speaker, the provisions of this bill, modifying and supplementing as it does the farm loan bill of 1916, have been well designed for the purposes and ends in view. I believe that when the bill we have before us becomes a law it will be found sound and practical from a business standpoint—that the \$2,000,000,000 of bonds which it authorizes will be readily taken by individuals and corporations all over the country who want safety as well as a reasonable income from their investment. These bonds will yield 4 percent interest, free from taxes, with interest payments guaranteed by the Government.

Thousands of farmers with burdens of mortgage and other debts too great to be borne longer will be encouraged to borrow or refinance mortgages under the provisions of the bill with the hope ultimately that they may work out and save their farms and gain for themselves a measure of peace—a feeling of security which they have not had for many years. Many will go forward inspired with hope of owning again, free from debt, the farms and homes whose ownership are now about to slip from their hands.

Mr. Speaker, it is cause for regret to me that a lower rate than 4½ per cent interest might not have been provided for the money loaned, because the mortgagor who cannot now pay 6 percent and 7 percent, as he is required to pay in many instances, cannot pay the rate provided of 4½ percent. I think the rate should have been fixed at from 2 to 3 percent. I am well aware, however, that bonds must be sold to get the money for loaning purposes—that a reasonable return in interest must be provided for those who buy the bonds. The Government is undertaking to provide for safety in operation of the farm-loan banks and the farm-loan association through which the money is to be loaned. Safe farm-loan banking cannot be done unless proper margins of safety are provided for the banks' operations. The farmer, as well as those who buy the bonds for investment, the public generally, will want to feel that there is proper security behind every loan and that the one half of 1 percent interest charged the farmer in excess of the interest on the bonds is to provide security for the banks. So, however much we may have wished for a lower rate of interest to the farmer, we will abide by and accept the judgment of the President and of the Secretary of Agriculture and of the great farmers' organizations who have given the measure their best thought. They and those who framed the bill have been deeply anxious to offer a measure which would furnish the largest amount of relief to the farmer consistent with good business policies, considering conditions of money markets and other factors entering into the whole proposition.

With a view of lightening the farmer's burden as much as possible until he shall be able to get better prices for his products, it is provided that he does not have to pay any part of the principal within a period of 5 years from the date of his borrowing or refinancing. Under the provisions of the Farm Act of 1916, he can borrow for or extend his loan for periods ranging from 5 to 40 years. If he cannot pay the interest on the mortgage at the rate provided, his case will, no doubt, prove hopeless and his farm will be lost. I wish to state that unless the prices of farm products are brought to a higher level than has obtained for the last 2 years there will be no hope for thousands who will borrow and refinance to ever pay out.

The bill provides that the rate of 4½ percent is open to none save members of farm associations. One may make a loan although not a member, but he must pay 5 percent for the money. It is provided, however, that when as many as

10 borrowers living in the same locality shall altogether be borrowers of as much as \$20,000 they shall at once form an association and shall get the full benefit of the 4½ percent rate.

It is hardly possible within the limit of time and space permitted to give the full details of the plan. I have studied its provisions as closely as the short time since its introduction has permitted, and I believe it lays the foundation in its provision for thousands of farmers who are now utterly discouraged and confronted with ruin to commence to rehabilitate their ruined financial condition.

Mr. Speaker, I know my own district, its people, and their condition better than other sections. There are 12 counties in my district, which by the Federal census of 1930 had a population of 194,915. Since 1920 it has lost 10,078 people, or 4.9 percent. The State of Tennessee showed for the same period a gain in population of 11.9 percent. This district is almost wholly agricultural—only 15.75 percent of its population reside in its incorporated towns. There were, all told, 2,037 persons listed as being employed in industrial pursuits. Many of those classified as industrial workers were employees of garages in the capacity of mechanics, others were employed by railroads, telephone and electric companies, and a large percent of the whole in mills processing wheat, corn, timber, and lumber, while others were employed in plants for processing milk and tobacco. Practically the entire population depends directly or indirectly upon agriculture for a living.

In this district are 26,437 farms with a total acreage of 2,510,770 acres. Mortgages aggregating \$6,458,206 rest on 4,151 farms operated by full owners, according to the census. This does not take into account the farms operated by tenants and part owners. It is reasonably safe to say that there are not less than 8,000 mortgaged farms in the district, the aggregate mortgage indebtedness being not less than \$12,000,000. Hundreds of mortgages have been foreclosed during the last year and many former owners have sought residence away from the scene of their misfortune and humiliation, others have become tenants, and some are working on highways on money furnished by the Reconstruction Finance Corporation to relieve the distress consequent upon unemployment. Tenancy has grown in this district from 36.9 percent in 1920 to 44 percent in 1930. Loss in population, increase of mortgage indebtedness, of tenancy, depletion of savings accounts, the sale of breeding stock, worn-out machinery and equipment, used-up savings, borrowing or cancelation of life-insurance policies, inability to buy and pay for books for school children, to pay for medical and dental attention, to pay the increasing burden of taxes, all of these make up a part of the evil consequences that have befallen great numbers of a once happy, contented, and prosperous farming people. Many who only a few years ago were accounted highly prosperous and were classed as being rich are today greatly reduced in finances and confronted with ruin.

Mr. Speaker, these people of whom I speak lived in a section unusually favored by nature. Several of the counties in this district are known throughout the United States, have been made famous by the fertility of their soil, the beauty of the country with its rich bluegrass, for its famed strains of blue-blooded Jersey cattle, of pacing and trotting horses, and better known for an unsurpassed citizenship.

It is to be deplored that the best students of governmental affairs have no specific remedy to offer for the immediate relief of those adverse conditions.

The President offered the farm emergency relief bill, which has the approval of the Secretary of Agriculture, leaders of great farm organizations, of men capable of careful and well-considered thought, of those sincerely anxious to help the farmers. The House passed it after the President had frankly stated that he was asking us to follow "untrod paths" in an effort to serve agriculture, and, if possible, to save it. I voted for the bill as I will for any measure that gives promise of agricultural relief.

Mr. Speaker, this farm-mortgage measure is a companion bill of the farm relief bill. In the Senate they have been

combined into one bill. I believe the farm mortgage bill to be workable. I hope the untrod path we shall enter in carrying out the farm relief bill will lead us to better conditions. If it does not after due trial, the President has stated that he will be the first to say so.

The time was ripe for action—indeed, action in behalf of agriculture was long overdue. To act and fail is better than not to act at all.

Mr. Speaker, the conditions prevailing in my own district are not different from those of others all over the United States. From every section the conditions are represented as bad and the demand for relief is insistent. It is only now and then that a public man or newspaper gives utterance to expressions other than that of sympathy. Practically everyone realizes that until the farmers are again able to carry on and sell above the cost of production, business will not and cannot be restored.

A few days ago a once brilliantly edited New York paper, whose latter-day clientele is among the predatory international bankers and Wall Street speculators, carried this solemn warning to those seeking farmers' relief:

A solution could be formed more readily if agriculture could be induced to make up its mind that there is no way out except the one through which other forms of business must go—that of patience, thrift, labor, and economy, with the lopping off of unprofitable production and the elimination of enterprises which have become impaired beyond hope of recovery. No business can go on indefinitely by borrowing new money to pay old debts. Agriculture has no more right than any other industry to do 1933 business on a 1919 basis. If the farmers and their professional friends at Washington cannot be brought to realize this, care should be taken to make sure that in refinancing State and Federal aid shall be confined to sound undertakings for reducing interests and postponing maturities.

This newspaper, ever mindful of its international banking friends, of its Wall Street friends, of protected interests, voicing their sentiments and beliefs, would have the farmers practice patience—as if the farmers' whole life had not taught him that great virtue. He calmly waits for the proper season for plowing and preparing his lands for planting; he waits for the grain he plants to germinate, for its tiny shoots to break through the soil. He is patient in waiting for the rains and for the lands to dry out for cultivation. He, better than any other who labors, knows that he is powerless to hurry up the forces of nature. He waits with calmness and patience for the season of maturity—patience is ingrained in his very nature. This great editor says he must be thrifty. Out of the abundant wealth he has acquired from selling wheat at 50 cents per bushel, corn at 15 to 20 cents, cotton at 5 cents and 6 cents, he must save, he must invest, he must add to his wealth. Then, above all, he must be economical. When his worn-out shoes can no longer be worn he can save the price of a new pair by going barefooted—he and his family can cut out the use of coffee and sugar; but, above all, he must lop off all unprofitable production. That means, under present conditions, he should lop off the cultivation of wheat, corn, oats, rye, cotton, and all the farm crops—lop off his orchards, quit growing livestock, quit dairying; in fact, according to this great leader of international thought, he must lop off the farm itself as an enterprise which, with conditions continued as they are, is an enterprise beyond recovery.

Mr. Speaker, the farmer is not asking that his business in 1933 be put on a 1919 basis. He is asking that all restrictions be removed which prevent him from having an equal opportunity with industry, with bankers, and those engaged in other pursuits.

Those who brought forward the farm relief bill, and who have proposed this mortgage bill believe that farmers should have such relief as will permit them to receive the prices for their products in the period of 1909 to 1914. This period is chosen because farmers then could sell their products for reasonable prices, above the cost of production—they could take the money and buy equipment and the necessities of life at prices in near relation to the prices of their farm products.

Mr. Speaker, in my native county where I have my home and where I own and operate farm lands, there are great

areas of wide-spread, rich bottom lands on the rivers which overflow annually, and, for that reason, are cultivated in corn. No cornlands of the West are more fertile or productive than these overflow lands. Last fall when corn could be sold at all, it sold for about 15 cents per bushel. Wheat sold, delivered to mill, at 50 cents per bushel. Eggs sold as low as 3 cents per dozen. Such prices are ruinous. Shall we stand idly by and see agriculture perish, see the farms of the country pass into the hands of insurance companies, and present farm owners turned into tenants, or shall we make an effort to rescue them from their perilous situation?

I believe that until the farmer is put in the way of recovery, normal business will not return. The idle wheels of industry will remain so. Transportation and commerce will languish and die. The paramount duty of this administration and of this Congress is to pass and put into effect laws for mortgage relief such as this bill offers; to put into operation the farmers' relief measure; to repeal and change every law and regulation that has helped other lines of business at the farmer's expense. In other words, to treat the great business of farming as basic, as lying at the very foundation of all that we call "prosperity"—foster it, relieve it of unjust burdens—aid it, and let the blessings that would come to agriculture from this course flow out into the channels of commerce and trade, whose veins and arteries are now clogged because of the lack of the lifeblood which the farmers cannot any longer supply without cooperation.

Mr. AYERS of Montana. Mr. Speaker, the very life of this Nation depends upon the issues involved in this bill. The most important of such issues are, first, the refinancing of existing farm mortgages; second, the extension of credit to the farmer who cannot otherwise secure credit; third, it is the first legislation ever to come before a Congress to aid the farmer in redeeming or repurchasing the lands taken from him on execution or foreclosure sale into which his and his family's very lifeblood has been given; and, fourth, it authorizes the Reconstruction Finance Corporation to loan to State irrigation districts with completed projects in order to reduce and refinance outstanding indebtedness. To this extent it sounds the chord and speaks the language the farmer understands.

MUST HAVE LOWER INTEREST RATE

To make this law effective we must have a long-range program and a low rate of interest. In the bill before us the range of time may be extended to 40 years; that feature is satisfactory, but the interest rate is highly unsatisfactory—in fact, it is prohibitive. My colleagues, I tell you that agriculture absolutely cannot live under a 5-percent interest rate; and if we can refinance financial institutions and transportation companies at a lesser rate, then certainly we can refinance the basic industry of this Nation at a lesser rate. The 5 percent rate written in this bill should be cut in two; indeed, it must be cut in two, and money can be had at half that rate, even if it has to be conscripted or commandeered. As a matter of fact, it is now being commandeered for centralization by the financial interests of the country. Why not the Government take a hand in that game and play that hand for the common good of all?

That the farmer have a price above the cost of production is absolutely necessary for his existence, and for that reason it is necessary that the principles of the Frazier bill be written in the agriculture bill over in the Senate, and I hope the Wheeler silver bill will also be attached to it. The Frazier bill takes the cost of production as the basis for price fixing, and the Wheeler bill is the only true system of inflation.

But my enthusiasm for these matters of legitimate relief has led me from my subject—lower interest rates. At this instant all the farmers and the ranchers of this Nation are looking for, demanding, and expecting a rate of interest which they can pay. They are honest, and they are anxious to pay—nothing pleases them any more than to pay their debts—but how can they pay when their products' price is less than the cost of production and, in addition to that,

they have an unbearable rate of interest written against them?

Now, Mr. Speaker, if news goes out to them that we have failed to fix a price on their products in excess of production costs, and if that news shows that we have written 5 percent interest against them, and if that news further shows that we have frowned on the silver bill and that we have failed of an inflation program, then I warn you that it will breed germs of rebellion in their hearts, and it will retard the confidence that has been manifest since March 4. On the other hand, if we fix their price, based on production cost, and if we adjust the currency so as to fix a true range of value, and if we write into this bill an interest rate which they can pay, then the great army of producers will "come back" with a strong heart and maintain their first-rank place in this Nation.

By this bill the Government is fostering a \$2,000,000,000 bond issue for refinancing agriculture. The purpose is one of decentralization, and to replace the money in the afflicted communities and take as security self-liquidating, long-time, low-interest-rate mortgages from the farmers, ranchers, and allied industries.

Do not say this cannot be done, for it can be done and it must be done if prosperity is ever returned. And a low interest rate is not 5 percent. The farmer cannot pay that. It is too high. Half that amount is more in keeping with the spirit of the bill.

NATIONAL DEFENSE

Mr. HARTLEY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD to include a speech delivered by my colleague, Mr. Goss, on the subject of national defense.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey [Mr. HARTLEY]?

There was no objection.

Mr. HARTLEY. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following:

ADDRESS OF HON. EDWARD W. GOSS, OF CONNECTICUT, BEFORE THE VETERANS' ORGANIZATIONS AT HARTFORD, CONN., APRIL 6, 1933

Gentlemen, I am delighted at this opportunity to address the veterans' organizations of Connecticut on the subject of national defense. Before such an audience it is unnecessary to point out the importance of my subject. You gave conclusive proof of your convictions in this matter and your readiness to stand by them 16 years ago when you donned your country's uniform and offered your lives in her defense.

Go back with me for a moment to those fateful days of 1917. How many of us had any idea of what we were up against? I confess that when I enlisted I had very vague ideas of what was expected of me, and I knew still less of how I should go about meeting the situation. The same was true of us as a nation. We had been forced into a war with a world power. Though it seemed incredible that a nation like ours, whose aims and aspirations lay wholly along paths of peace, should find itself at swords' points with a European power, we suddenly found ourselves in that very situation.

I recall our early groping attempts to help the Allies. At first it seemed that in the absence of any considerable trained man power of our own, our activities must of necessity be restricted to supplying the sinews and munitions of war. Then suddenly German military successes made it imperative that allied armies be greatly augmented. What resources in trained man power did the United States have available? Including the Regular Army and all National Guardsmen who had seen Federal service along the Mexican border, our total trained man power numbered some 200,000 men. But in 1917 Great Britain alone had 10 times that number serving in her expeditionary forces, while a far greater number labored in Britain to sustain the effort on the front. Obviously, we were forced in this emergency to turn to our great reservoir of untrained man power. What plans had been made to raise, train, and equip large armies in the United States? None! In our great desire to maintain strict neutrality our military leaders had been forbidden to make any preparations against possible involvement of the United States. As a nation we had never visualized such a pressing necessity. These tremendous tasks had to be undertaken hastily, with improvised methods and all the tremendous losses incident to such methods.

In spite of lack of planned preparation, the accomplishments of those days were memorable. The United States, under stress of extraordinary circumstances, achieved results that had previously been considered impossible. But I insist that thousands of lives and countless treasure would have been saved if the Nation had been ready 16 years ago with adequate plans and preparations to meet its baptism of fire. The lives that were lost can never be replaced. The national debt, incurred when

vast sums were of necessity recklessly expended, still weighs down the Nation with a depressing load of taxation.

In 1920 the Congress took steps to insure that our experiences in the war with Germany should never be repeated. It formulated and passed an amended National Defense Act designed to insure the safety of the United States from any armed aggression. This act reflected the seasoned judgment of the men who had just led our Nation through the greatest conflict in history. It was written in the blood of thousands of Americans who had fallen in defense of their country—written while the acrid smell of gunpowder was still in the air.

In providing for an adequate national defense, our Nation's leaders realized the basic importance of trained manpower. Uniforms, equipment, and weapons are the tools of the military trade, and of course no workman is efficient without good tools. But the first requisite is the trained worker—in this case, the trained soldier. Accordingly, the National Defense Act provided for an adequate nucleus of trained manpower and made provisions for expanding this nucleus to meet the requirements of any particular situation. The professional soldiers of the Regular Army and the civilian soldiers of the National Guard and the Organized Reserve were made the framework of our defensive structure.

This was a typically American solution to a very vexing problem. It was economical, and while it avoided building up a large professional military machine, it was admirably suited to our defensive needs. Such a system is not suitable for offensive purposes. An offensive force must be well prepared by long training and adequate equipment to deliver a powerful surprise attack at the very outbreak of war. Hence our system, depending so largely on civilian components and upon armies to be raised and trained only after emergency has arisen, does not engender fear in neighboring nations.

Provisions were also made for obtaining an adequate supply of the munitions of warfare. With the same clear vision displayed in attacking the problem of trained man power, the National Defense Act provided for an adequate mobilization of the industrial resources of the Nation. The need for this was great. I have spoken of the great amount of money we expended in our military effort in the World War. In that conflict contracts for munitions were placed promptly with all firms that appeared capable of manufacturing them. No expense was spared in rushing these orders to completion. But in spite of our best efforts no American-made 75's were firing on the battle front when the armistice was signed. We were still dependent on our Allies for artillery and ammunition and for many other items. So the National Defense Act provides not only for the prompt mobilization of our military man power but also for a reasonably prompt flow of munitions to our citizen armies in time of emergency. When this memorable piece of legislation was enacted the future safety of the Nation seemed assured.

Great thought was given to the size of the trained and partly trained components that our situation required. It was finally determined that our defensive needs would be adequately met by a Regular Army of 298,000 and a federally recognized National Guard of 490,000 if provision were made to expand this force promptly through the agency of the Organized Reserves. At that time we were not greatly concerned over our naval situation since the United States was then building the greatest fleet in existence.

That was our situation in 1920. Today, 13 years later, we find that great changes have occurred. On the one hand we have many ominous indications that the "war to end war" failed to accomplish its purpose. On the other hand our defensive strength has, for a number of reasons, greatly deteriorated from the standard determined upon in 1920 as essential to national safety. Our position as the world's greatest naval power was traded for a naval treaty. Our Regular Army has been repeatedly reduced in the name of economy so that today its strength is much less than one half the figure authorized in 1920. The National Guard has never reached the strength specified. Instead of 490,000, we have approximately 190,000 National Guardsmen. At the present time the United States, the wealthiest nation in the world, has a smaller military force than Greece or Belgium or Portugal. We actually stand seventeenth in point of organized strength among the nations of the world.

Tonight I say to you that it behooves us to pause and take stock of our ability to defend ourselves. The experience of 1917 must not be repeated. It was costly then; if repeated, it might well be fatal. The safety of the Nation is in our hands. The country looks to the veterans of the last conflict for counsel and guidance in matters of national defense. What shall we tell them?

Here is the message I would deliver: First, economy in national defense, when carried beyond the point of safety, is the most reckless form of extravagance. No amount of expenditure after the emergency is upon us can atone for pinch-penny savings in time of peace. We cannot pour gold into a hopper and grind it out immediately in the form of trained soldiers and needed equipment. Second, in spite of countless mechanical devices and chemical mixtures, the only sound basis for adequate defense is trained and disciplined man power. Finally, even in these times of economic stringency, the provisions of the National Defense Act should be departed from only after the possible consequences of such action have been most carefully weighed. Our national defense policy must never be measured primarily in terms of dollars and cents, but in terms of men.

Upon the veteran falls the task of molding public opinion on these important matters and bringing to the attention of his representatives in Congress the continuing necessity for a strong national defense. In the last great military emergency the public learned to look with confidence to you for protection against impending danger. Today in matters of national defense your counsel has an unchallenged authority. With that authority goes the responsibility that leadership entails. I call upon you to see that the security of America is safeguarded.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. KLEBERG, for 1 day, on account of illness.

To Mr. HIGGINS, for several days, on account of illness in family.

To Mr. KEE, for 5 days, on account of important business.

THE DISCHARGE RULE—HOW LEADING MEMBERS OF THE HOUSE REGARDED IT 2 YEARS AGO

Mr. KVALE. Mr. Speaker, I ask unanimous consent to extend my own remarks and to include therein certain excerpts from speeches and addresses made by Members of the House at the opening of the Seventy-second Congress with reference to the discharge rule.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota [Mr. KVALE]?

There was no objection.

Mr. KVALE. Mr. Speaker, persistent rumor has had it that an effort would be made to amend the present discharge rule so that a majority of the Membership of this body would be required in order to discharge any committee from the further consideration of any bill. The present number required is 145, and that rule has been in operation from the time it was adopted at the beginning of the last session.

So that the large number of incoming Representatives in the Seventy-third Congress may have the benefit of the advice of House leaders at the time the rule was considered and adopted, and so that they may not be misled into binding themselves irrevocably until they have possession of the full facts, I have secured permission to extend my remarks and to include therein portions of the addresses of my colleagues at that time. They may be found in their entirety by consulting the daily RECORD under date of Thursday, December 8, 1931.

Let me first add the observation that what was then true is now increasingly true. It is difficult to understand why the rule designed to insure liberal and fair and orderly procedure that would truly reflect the majority will, at the same time that it adequately protected the rights of any considerable minority, should be practically destroyed just now when the majority strength is so preponderant that it should have more than a safe margin of support for any measure that had even a semblance of merit, and should be able to resist any application of the rule unless there might be a clear effort to thwart expression upon a major issue.

Members who record themselves, if and when the test comes, in favor of a change in this rule such as has been proposed, should realize the gravity of their action and its far-reaching effect when judged by the excerpts from the addresses which I append.

Listen first to the remarks of our distinguished Chairman of the Committee on Rules, who also then presided over that powerful committee. I subscribe to them now, as I did then. He said, in his usual frank and forceful manner:

Mr. Speaker, 31 years ago I was a Member of this House under what I may term a 1-man oligarchy. For 10 years following my entrance into the House the House of Representatives had tied itself hand and foot and delivered itself to the Speaker. The House was under the control of a Committee on Rules, composed of three men—the Speaker, a gentleman from his side of the House, and one man from the minority side.

Time and again I have seen the Speaker call the majority member back of the Speaker's desk and decide upon a rule, and, after agreeing upon the rule, they would notify the minority member what was done, and the Republican member would read his rule, sometimes written in longhand on the back of an envelope, and the House would proceed to act.

I actually saw this, Mr. Speaker. It is hard to believe, but the records of the House will bear me out. I saw the two majority members of the Committee on Rules report a rule to this House

for the consideration of a measure, and when the rule was adopted and the language of the rule was carefully examined, bless goodness, they found it not only provided for the consideration of the measure but actually passed the measure. [Laughter.]

There has been constant protest against this manner of considering legislation. The protest has continued all during the years. After 1910, when the Democrats came into power in this body, there was considerable liberalization of the rules, and now the Democratic caucus has agreed upon what is known as the Crisp discharge rule, and I was instructed to report that as an amendment to the rules of the House, which I took pleasure in doing.

This discharge rule provides for the discharge of committees, under certain circumstances. It even provides for the discharge of the Committee on Rules. I have no objection to that. As long as I am at the head of the Rules Committee there is not going to be any "sitting on the lid." [Applause.] I am willing at any time, if any gentleman thinks the Rules Committee is attempting to stifle legislation, to have you put your discharge rule into operation. This is also what the proposed change does with respect to other committees. I may say that this matter will be discussed in detail by the gentleman from Georgia [Mr. Crisp] and, perhaps, by other gentlemen on this side.

The Crisp discharge rule also provides, in another paragraph, for the calling together of committees where the chairman refuses to call the committee together. Surely, nobody objects to this.

Another provision of the Crisp rule is that providing for action by the conferees when they refuse to act. Surely, nobody can object to that. These are the three high spots in the Crisp amendment to the rules of the House—the discharge of committees, the calling of committees together, and compelling the conferees to act.

Now, gentlemen, a good deal has been said about amendments to this Crisp amendment to the rules. We are willing to stand or fall by the action taken by the Democratic caucus. I believe an overwhelming majority of the House is in favor of the proposed liberalization of the rules. I will say that if the discharge rule is not workable then the Rules Committee will promptly give consideration to any amendment that may be deemed necessary to make the discharge rule workable. [Applause.]

Next came Judge Crisp, of Georgia, long recognized as one of the ablest of parliamentarians to sit in this Chamber, and at that time recognized as cherishing the desire and determination to make of the House a representative body, responsive to the will of the electorate. He said in opening his remarks:

Mr. Speaker and my colleagues, this is the day I long have looked forward to—a Democratic Speaker, this House under Democratic rule, carrying out the great principle of democracy that a majority shall rule, and the adoption of rules with sufficient authority and so adjusted that they shall be rules for the entire House, not to meet any political exigency of any party but to insure the fundamental right of democracy that a majority of the House may work its will under the terms of those rules. [Applause.]

Later, in amplification, he added this detailed explanation, which is worthy of preservation and which may profitably be considered now:

I propose another very vital fundamental change to insure the majority control which the Republican conference did not act upon, to wit, a rule making it possible to deal with recalcitrant conferees, and make them subject to and amenable to this House, that rule being that when conferees shall have been appointed for 20 days and shall not have made a report, it shall be a privileged motion to move to discharge them and to appoint new conferees and to instruct. The rule provides also that during the last 6 days of a session those rights to discharge and instruct and appoint new conferees can be made after the conferees have been appointed for 36 hours. You all recall how in Congresses past the conferees defied the House on the Norris "lame-duck" resolution, how they defied it on Muscle Shoals, and how they defied it during the last hours of the last session on the bill for the veterans' hospital. Under the old rules if nine tenths of the Members of this House desired to instruct conferees, they are impotent as babies to do so unless the Speaker would recognize them to move to suspend the rules or the Committee on Rules would bring in a resolution authorizing the House to deal with them. Is that democratic or is it consistent with the American form of government? No. Under the rule proposed today you have them absolutely within the control and authority of this House.

I come now to the remaining fundamental, the discharge rule, and it is, word for word, the rule that I proposed, to discharge committees, when I was in the minority last January. That rule has two separate, distinct methods of procedure to discharge the committee, not related to each other, absolutely divorced from each other, and a Member can proceed to discharge the committee under either one of those methods. The Republican conference adopted one of those methods, the weaker method for discharge. They liberalized as little as possible to meet their political exigencies. They adopted the old rule that I had the honor of drawing in the Sixty-eighth Congress under which the Howell-Barkley bill was discharged and which was filibustered in the House so

that we could never get action. Why? Because the Speaker and those in the chair entertained dilatory motions, would not bring the matter to a conclusion, permitted delays, and the bill could not be finally passed, and I then learned my lesson. I profited by that experience. I knew that history might repeat itself. I determined to evolve, to the very best of my ability, a rule that could not be filibustered, that could not be circumvented, giving the House a chance to discharge a committee and put a bill on its passage; and the second method in this rule which you have before you today will absolutely accomplish that purpose. The Republican conference even weakened that first method, because, while they say it shall be unfinished business, they have an innocent little clause in there saying it does not supersede the right to make a preferential motion, when it is up, to go into Committee of the Whole House on the state of the Union to consider appropriation or revenue bills. That weakness even is not in the first method proposed in the rule the Democrats present to you for consideration.

Subsequently he added this reminder:

Now, I would like especially to stress to my friends of the press that 145 does not discharge a committee. The opponents of this rule say that that 145 would permit "unbaked legislation." Such is not the case. The 145 is simply the number necessary to initiate the right for the House itself to vote twice a month as to whether or not it will discharge a committee. To discharge a committee it would be necessary to have a majority of the Membership of the House voting, a quorum being present. As this rule can only come up 2 days in a month, the motion to discharge will have to be on the calendar 7 days, and the Membership of the House will know it, will be here, and, in my judgment, it will always require 200 or more voting in the affirmative to discharge a committee, but it is within the power of the 145 to put the House on record.

And again:

There is one provision that the Republican rule does not affect. The rules which I propose will also deal with this situation: Suppose a committee reports favorably to the House a public bill. It is not privileged, and you cannot get it up for consideration. This rule says you can file against the Rules Committee a special rule, making it in order to consider that bill favorably reported and on the calendar, which the responsible authorities will not allow to come up. It puts it in the power of the House to work its will. It puts it in the power of the minority to work out its program and have the House go on record, and it is the duty of the majority to take that responsibility.

I welcome the minority's program. I hope you will propose one. This rule gives you an opportunity to do so. If it is like your programs in the past, I am quite willing to vote against it, and our majority will vote against it, and yet you can have your record known to the country.

That is all these rules will do. They are democratic. They put it in the power of the majority of this House to carry out its will, whether that majority is made up of Democrats, Progressives, Republicans, or any other party. These rules are made in keeping with the spirit of democracy, in keeping with the spirit of the Constitution of the United States that the majority may rule; and with these rules there can be no hue and cry throughout the land that the House of Representatives is gagged by a triumvirate. [Applause.]

Let me now quote just a brief paragraph from the remarks of Major LaGuardia. He needs no eulogy here; even his political enemies freely confess that it is nothing short of a national calamity that the Nation has been deprived of his services in this Congress, of all Congresses. He stated:

Gentlemen, there is a great deal of misapprehension going through the country as to the discharge rule. I still believe that 100 is the logical number, but it is wrong to send out propaganda that 100 men can control the House. All that this rule does is to give 145 Members of the House power to offset anything that 13 members of a committee now have the power to do. This is all there is to it. In other words, under existing rules, 13 members of a committee may prevent this House from considering a bill, although a majority desires its consideration. This change provides the machinery whereby 145 men can move the 13 members of a committee and bring the bill before the House.

Next to testify was CANNON, in whom this House has learned to recognize a master of parliamentary procedure, and a gentleman of liberal thought as well. Twitting one of his colleagues across the aisle on a belated conversion to the belief in the desirability of, and need for, such a rule, Representative CANNON observed:

"When the devil was sick, the devil a monk would be;
When the devil was well, the devil a monk was he."

He then added:

* * * the need of some practical method of discharging committees refusing to report meritorious legislation has been the storm center about which parliamentary battles have been waged in practically every adoption of the rules for the last 2 decades.

In the pending resolution we have the solution of the problem. Here at last is a workable rule. Here is a provision under which recalcitrant committees, whether standing committees or committees of conference, may be discharged, and the House afforded an opportunity for the discussion of measures it desires to consider. It is a provision which conforms to every requirement of the ideal rule. It permits the majority to legislate when it desires to legislate. And it safeguards the rights of the minority. These two qualifications constitute the highest test to which a rule may be subjected. The resolution merits the support of Members on both sides of the aisle. It removes the last obstacle to the complete democratization of the rules of the House.

The debate was fittingly closed by the grand old man from Illinois, Judge SABATH, also a member of the Committee on Rules, who said in part:

When I entered the House Uncle Joe Cannon was its Speaker. At that time the rules of the House gave him full power not only to appoint the committees, but also complete power over what we like to point to with pride as the greatest legislative body in the world.

At that time the Speaker was the House; but in 1910, during the Sixty-first session of Congress, with the aid of the press and a few true progressives from Wisconsin, after a most determined fight, which was tantamount to a revolution of procedure, under the leadership of our then leader, Champ Clark, our present Speaker, John N. Garner, the present majority leader, Henry T. Rainey, Claude Kitchin, and Judge Shackelford, of Missouri, we succeeded in amending the rules and in freeing the Membership from the tyrannical rule and dictatorship of the then Speaker.

Today, after 22 years, thanks to the Democratic majority, we again have a chance and an opportunity to liberalize the rules and to relieve the Membership from the extremely restrictive and established rulings which have been in effect the last 10 years of Republican rule.

To me, who continually demanded the liberalization of these rules, it is a great satisfaction that we are about to protect the Members in their rights and privileges so long denied them. For not only was the House often at the mercy of the Speaker but also at the mercy of the conferees and of the various chairmen of the committees.

If the amendment offered by the gentleman from North Carolina will carry—and I know it will—the House can, yes, will secure action and the Members the right to vote on any bill or resolution. No longer will it be possible for the Chairman of the Rules Committee to walk about with pockets full of rules reported by the committee and refusing to call them up. Nor will it be possible for any chairman of any committee to willfully and deliberately refuse to call up a bill reported by that particular committee or to refuse to call a meeting, notwithstanding the fact that the majority of the members of that committee may desire to meet. Nor will the conferees deprive the House of the right to express itself on any proposition in disagreement.

Therefore I must repeat, it is amusing to me to hear some of you gentlemen demand a further liberalization of the rules.

As one who for nearly a quarter of a century has continually demanded such liberalization, I am in full accord with the rules which have been submitted, and I hope that every Member of this House who does believe in such liberalization and in complying with the wishes of the people of the country will vote for the rules as offered by the gentleman from North Carolina. [Applause.]

To the astute gentleman from Michigan, Mr. Michener, I desire to say that, regardless of his able efforts, he will not succeed in deceiving the country in the belief that he and his reactionary colleagues, who for years had it in their power to liberalize the rules, are now being deprived of any opportunity to express not only their views but also to vote upon the amendment, since he must and does know that his side, now the minority, has the right to vote down the previous question, and, although defeated in that, can move to recommit the resolution, and in that way give to him and to every Member of the House the right to vote twice on the subject matter before same can be adopted. Therefore no one is deprived or abridged in his rights under the Democratic majority, as was the case when his, the Republican Party, was in power.

The adoption of this rule, being the first legislative act of this new Congress, clearly demonstrates that the Democrats are ready and desirous not only that the majority should rule but also that the rights of the minority should be protected; and, above all, that we all stand ready and willing to carry out the wishes of the American people. [Applause.]

Mr. Speaker, the rule recommended was adopted. It has served notably in at least two instances during the last Congress. It has had a salutary effect on committee actions which has not appeared in the actual record of happenings. It will be needed in the future, not only as a spur to effective work by the committees in charge of important legislation and to proper recognition by House leaders of demands of sizable minorities but also, perhaps, to rescue legislation.

If and when this proposed amendment of the rule is brought in, it should be fought as determinedly as we know

how. This extension of remarks has been the only available way to present these facts to the House, and it is hoped that there will be ample opportunity to consider them maturely before Members are precipitated into ill-advised decisions, either in a party caucus or upon the floor.

ADJOURNMENT

Mr. JONES. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 50 minutes p.m.) the House adjourned until tomorrow, April 12, 1933, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

16. Under clause 2 of rule XXIV, a letter from the Comptroller General of the United States, transmitting a report and recommendation concerning the claim of Korber Realty, Inc., was taken from the Speaker's table and referred to the Committee on Claims.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H.R. 4850) granting an increase of pension to Sarah J. Lake; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H.R. 4583) granting a pension to Gertrude S. Sharpe; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. McSWAIN: A bill (H.R. 4859) to provide for the common defense; to aid interstate commerce by navigation; to provide flood control; to promote the general welfare by creating the Tennessee Valley Authority; to operate the Muscle Shoals properties; and to encourage agricultural, industrial, and economic development; to the Committee on Military Affairs.

By Mr. ALMON: A bill (H.R. 4860) to provide for the common defense; to aid interstate commerce by navigation; to provide flood control; to promote the general welfare by creating the Tennessee Valley Authority; to operate the Muscle Shoals properties; and to encourage agricultural, industrial, and economic development; to the Committee on Military Affairs.

By Mr. HILL of Alabama: A bill (H.R. 4861) to provide for the common defense; to aid interstate commerce by navigation; to provide flood control; to promote the general welfare by creating the Tennessee Valley Authority; to operate the Muscle Shoal properties; and to encourage agricultural, industrial, and economic development; to the Committee on Military Affairs.

By Mr. SMITH of Washington: A bill (H.R. 4862) to restore the 2-cent rate of postage on first-class mail matter; to the Committee on Ways and Means.

Also, a bill (H.R. 4863) to repeal the tax on checks, drafts, or orders for the payment of money; to the Committee on Ways and Means.

Also, a bill (H.R. 4864) to provide funds for cooperation with the school board at Queets, Wash., in the construction of a public-school building to be available to Indian children of the village of Queets, Jefferson County, Wash.; to the Committee on Indian Affairs.

By Mr. BUCK: A bill (H.R. 4865) to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes; to the Committee on Naval Affairs.

Also, a bill (H.R. 4866) amending the Shipping Act, 1916, as amended, for the purpose of further regulating common carriers by water; to the Committee on Merchant Marine, Radio, and Fisheries.

Also, a bill (H.R. 4867) to authorize the Secretary of the Navy to proceed with the construction of certain public

works, and for other purposes; to the Committee on Naval Affairs.

Also, a bill (H.R. 4868) to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes; to the Committee on Naval Affairs.

Also, a bill (H.R. 4869) to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes; to the Committee on Naval Affairs.

By Mr. DIES: A bill (H.R. 4870) to extend the times for commencing and completing the construction of a bridge across Lake Sabine at or near Port Arthur, Tex.; to the Committee on Interstate and Foreign Commerce.

By Mr. McCORMACK: A bill (H.R. 4871) to amend the Revenue Act of 1932; to the Committee on Ways and Means.

By Mr. BERLIN: A bill (H.R. 4872) authorizing Farris Engineering Co., its successors and assigns, to construct, maintain, and operate a bridge across the Monongahela River at or near California, Pa.; to the Committee on Interstate and Foreign Commerce.

By Mr. HOEPEL: A bill (H.R. 4873) to provide Government employment for the unemployed; to prevent nepotism and unneeded dual income in families; to the Committee on Expenditures in the Executive Departments.

Also, a bill (H.R. 4874) to indemnify depositors in failed and defunct State and National banks and building and loan companies, associations, or groups, to restore confidence, to increase the purchasing power of the American people, and to protect the American public against wanton losses foreshadowed in foreign-debt negotiations or settlements; to the Committee on Banking and Currency.

By Mr. SMITH of Virginia: A bill (H.R. 4875) to provide for the acquisition of Choppawamsic Island, Va., for the use of the Navy Department; to the Committee on Naval Affairs.

By Mr. CROSSER: A bill (H.R. 4876) to establish a 6-hour day for employees of carriers engaged in interstate and foreign commerce, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. GLOVER: a bill (H.R. 4877) to amend section 71 of the Judicial Code, as amended; to the Committee on the Judiciary.

By Mr. GASQUE: A bill (H.R. 4878) to redistrict South Carolina and to divide said districts into divisions, and to amend paragraph 4n, section 1, Judicial Code (U.S.C., title 28, supp. III, 1929), and section 105, Judicial Code (U.S.C., title 28, par. 186, 1925), as amended, and section 105, Judicial Code, as amended (U.S.C., title 28, par. 186a, supp. III, 1929), and for other purposes; to the Committee on the Judiciary.

By Mr. MARTIN of Colorado: A bill (H.R. 4879) increasing cost of public building at Alamosa, Colo.; to the Committee on Public Buildings and Grounds.

By Mr. POLK: A bill (H.R. 4880) to provide Federal aid for the improvement of a portion of United States Highway No. 52 leading to a bridge across the Scioto River at Portsmouth, Ohio, and for other purposes; to the Committee on Roads.

By Mr. JOHNSON of Oklahoma: A bill (H.R. 4881) to reduce and adjust the retired pay of World War emergency officers and of commissioned officers of the Army, Navy, Marine Corps, and Coast Guard, and for other purposes; to the Committee on Military Affairs.

By Mr. BRUNNER: A bill (H.R. 4882) to provide emergency relief to homeowners, to refinance home mortgages at lower rates of interest, and for other purposes; to the Committee on Banking and Currency.

By Mr. RANKIN: A bill (H.R. 4883) to improve the navigability and to provide for the flood control of the Tennessee River, to provide for reforestation and the proper use of marginal lands in the Tennessee Valley, to provide for the agricultural and industrial development of said valley, to provide for the national defense by the creation of a corporation for the operation of Government properties at and

near Muscle Shoals, in the State of Alabama, and for other purposes; to the Committee on Military Affairs.

By Mr. PEYSER: A bill (H.R. 4884) to amend section 3702, Revised Statutes; to the Committee on Claims.

By Mr. McKEOWN (by request): A bill (H.R. 4885) to establish a laboratory for the study of the criminal, dependent, and defective classes; to the Committee on the Judiciary.

By Mr. DUNN: A bill (H.R. 4886) to pension the aged, widows, and others who are physically incapacitated; to the Committee on Labor.

Also, a bill (H.R. 4887) establishing an unemployment fund and providing for contributions thereto by employers and by the United States Government, providing for the management of such fund and for the payment from moneys therein to certain unemployed persons during periods of unemployment, imposing additional duties and powers upon the Department of Labor, imposing duties upon employers, providing penalties, and making an appropriation; to the Committee on Labor.

By Mr. SCRUGHAM: A bill (H.R. 4888) to amend the act entitled "An act for the relief of unemployment through the performance of useful public work, and for other purposes", approved March 31, 1933; to the Committee on Labor.

By Mr. PEAVEY: Resolution (H.Res. 104) authorizing the appointment of a committee, who are members of the Committee on Indian Affairs, to investigate and study the health, education, and social welfare of the Indians of the United States; to the Committee on Rules.

By Mr. KELLY of Pennsylvania: Joint resolution (H.J.Res. 148) authorizing the issuance of a special air mail stamp in memory of the U.S. Navy dirigible *Akron*; to the Committee on the Post Office and Post Roads.

By Mr. McREYNOLDS: Joint resolution (H.J.Res. 149) authorizing an annual appropriation for the expenses of participation by the United States in the International Institute of Agriculture at Rome, Italy; to the Committee on Foreign Affairs.

By Mr. KRAMER: Joint resolution (H.J.Res. 150) authorizing the President to present in the name of Congress a Medal of Honor to George Dewey Lyon; to the Committee on Naval Affairs.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Wisconsin, memorializing Congress to provide machinery for the loaning of money to needy financial institutions; to the Committee on Banking and Currency.

Also, memorial of the Legislature of the State of Wisconsin, memorializing Congress relative to reforestation in Wisconsin and other Lake States, as a part of the President's emergency program for providing employment; to the Committee on Agriculture.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ALLEN: A bill (H.R. 4889) for the relief of the Dixon Implement Co.; to the Committee on Claims.

By Mr. AYERS of Montana: A bill (H.R. 4890) to authorize the issuance of a patent in fee to Peter Left Hand; to the Committee on Indian Affairs.

Also, a bill (H.R. 4891) to authorize the issuance of a patent in fee to Eugene Long Ears; to the Committee on Indian Affairs.

By Mr. BOEHNE: A bill (H.R. 4892) for the relief of Henry D. Long; to the Committee on Claims.

Also, a bill (H.R. 4893) granting an increase of pension to Eunice T. Brown; to the Committee on Invalid Pensions.

By Mr. CARTER of California: A bill (H.R. 4894) for the relief of Herbert A. Mackey; to the Committee on Claims.

By Mr. CHRISTIANSON: A bill (H.R. 4895) for the relief of Edgar Stivers; to the Committee on the Post Office and Post Roads.

By Mr. CHURCH: A bill (H.R. 4896) granting a pension to Robert Badgley; to the Committee on Pensions.

By Mr. CLARKE of New York: A bill (H.R. 4897) granting a pension to Grace A. Walker; to the Committee on Invalid Pensions.

By Mr. COFFIN: A bill (H.R. 4898) for the relief of Robert Rayl; to the Committee on Indian Affairs.

By Mr. CONNERY: A bill (H.R. 4899) for the relief of Andrew J. Wendling; to the Committee on Military Affairs.

By Mr. EDMONDS: A bill (H.R. 4900) for the relief of Frank Hobson Colsher, Jr.; to the Committee on Naval Affairs.

Also, a bill (H.R. 4901) to authorize Ensign Howard F. Hozey, United States Naval Reserve, to accept certain decorations from the British Government; to the Committee on Naval Affairs.

Also, a bill (H.R. 4902) for the relief of James Hudson Mitchell; to the Committee on Naval Affairs.

By Mr. EVANS: A bill (H.R. 4903) for the relief of the Pasadena Building & Loan Association, of Pasadena, Calif.; to the Committee on Claims.

Also, a bill (H.R. 4904) for the relief of Fred C. Wasserman; to the Committee on Military Affairs.

By Mr. FOCHT: A bill (H.R. 4905) granting a pension to John I. Boyer; to the Committee on Pensions.

By Mr. GUYER: A bill (H.R. 4906) granting a pension to Emma Zane; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4907) for the relief of Samuel W. Carnes; to the Committee on Military Affairs.

Also, a bill (H.R. 4908) granting a pension to Nettie B. Protzman; to the Committee on Invalid Pensions.

By Mr. HANCOCK of New York: A bill (H.R. 4909) for the relief of Harriet DeLarm; to the Committee on Military Affairs.

Also, a bill (H.R. 4910) granting a pension to George W. Parker; to the Committee on Pensions.

By Mr. HEALEY: A bill (H.R. 4911) for the relief of James Francis McManus; to the Committee on Naval Affairs.

By Mr. HOEPEL: A bill (H.R. 4912) to repeal pension laws granting exorbitantly high pensions to wealthy widows of nonveterans; to the Committee on Pensions.

By Mr. HOIDALE: A bill (H.R. 4913) for the relief of Pete Jelovac; to the Committee on Claims.

By Mr. JOHNSON of Oklahoma: A bill (H.R. 4914) authorizing the appointment of William J. Schaal, Jr., as a captain, Field Artillery, United States Army; to the Committee on Military Affairs.

By Mr. JONES: A bill (H.R. 4915) for the relief of A. Zapone, disbursing clerk, United States Department of Agriculture; to the Committee on Agriculture.

By Mr. LEWIS of Maryland: A bill (H.R. 4916) for the relief of Virginia Houghton; to the Committee on Claims.

Also, a bill (H.R. 4917) for the relief of Mary V. Spear; to the Committee on Claims.

Also, a bill (H.R. 4918) for the relief of Alice E. Broas; to the Committee on Claims.

By Mr. PARKER of New York: A bill (H.R. 4919) granting an increase of pension to Flora M. Leake; to the Committee on Invalid Pensions.

By Mr. PEAVEY: A bill (H.R. 4920) providing for pensions for the widows and orphans of World War veterans; to the Committee on Pensions.

Also, a bill (H.R. 4921) providing for pension for widows of World War veterans; to the Committee on World War Veterans' Legislation.

By Mr. POLK: A bill (H.R. 4922) for the relief of Lacky N. Hatcher; to the Committee on Military Affairs.

By Mr. SMITH of West Virginia: A bill (H.R. 4923) for the relief of the Ansted National Bank, Ansted, W.Va.; to the Committee on Claims.

By Mr. SMITH of Washington: A bill (H.R. 4924) for the relief of Carl F. Hickman; to the Committee on Military Affairs.

Also, a bill (H.R. 4925) granting a pension to Albert L. McGoffin; to the Committee on Pensions.

Also, a bill (H.R. 4926) for the relief of H. D. Henion, Harry Wolfe, and R. W. McSorley; to the Committee on Claims.

By Mr. TAYLOR of South Carolina: A bill (H.R. 4927) for the relief of C. J. Holliday; to the Committee on Claims.

Also, a bill (H.R. 4928) for the relief of Palmetto Cotton Co.; to the Committee on Claims.

Also, a bill (H.R. 4929) for the relief of J. B. Trotter; to the Committee on Claims.

Also, a bill (H.R. 4930) for the relief of G. T. Fleming; to the Committee on Claims.

By Mr. WEST: A bill (H.R. 4931) granting an increase of pension to Mary G. Copper; to the Committee on Pensions.

Also, a bill (H.R. 4932) for the relief of Judd W. Hulbert; to the Committee on Claims.

By Mr. WHITLEY: A bill (H.R. 4933) for the relief of the Security Trust Co. of Rochester, Rochester, N.Y.; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

445. By Mr. BOYLAN: Resolution adopted by the members of Navy Post, No. 16, of the American Legion, New York City, N.Y., pledging themselves anew to the loyal support of the President of the United States and the principles for which he stands; to the Committee on Naval Affairs.

446. By Mr. CARTER of California: Senate Joint Resolution No. 16 of the State of California, memorializing Congress to enact legislation providing for the suspension in payment of charges due from Federal reclamation project settlers to the United States; to the Committee on Irrigation and Reclamation.

447. By Mr. CONNERY: Resolution of the Commonwealth of Massachusetts, condemning the persecution of members of the Jewish faith in Germany; to the Committee on Foreign Affairs.

448. By Mr. CULLEN: Petition of Irish-American Independent Political Unit, Inc., Unit 6, at a regular meeting in Brooklyn, N.Y., on April 5, declaring themselves firmly opposed to the suggested adherence of the United States to the so-called "World Court" or "Permanent Court of International Justice", or kindred creations, and likewise opposing the suggested appointment of the United States to do what the World Court or League fails, refuses, or is afraid to do in the Japanese situation or any crisis; to the Committee on Foreign Affairs.

449. Also, petition of the State of New York, memorializing Congress to enact legislation whereby the Postmaster General would be authorized and directed to issue a special series of postage stamps of the denomination of 3 cents, of such design and for such period as may be determined, in commemoration of the one hundred and fiftieth anniversary of the naturalization as an American citizen and appointment of Thaddeus Kosciuszko as brevet brigadier general of the Continental Army on October 13, 1783; to the Committee on the Post Office and Post Roads.

450. By Mr. DELANEY: Petition of the Senate of the State of New York, memorializing Congress to forbid, by appropriate laws, the sale in this country of the universal United States of America flag and/or all special United States of America flags and/or the flags of the various States, dependencies, or Territories manufactured abroad; to the Committee on Labor.

451. By Mr. DISNEY: Resolution of the House of Representatives of the Fourteenth Legislature of the State of Oklahoma, memorializing the President of the United States and the Congress to create a Cermak memorial, making appropriation for its operation, and defining the construc-

tion of the same, providing for the handling of the same, naming the agencies through which it shall be carried on, and providing its work; to the Committee on the Library.

452. By Mr. ENGLEBRIGHT: Petition of A. S. Fleming, clerk, Placer County Board of Supervisors, Auburn, Calif., endorsing California State Legislature Joint Resolution No. 17, relating to mining; to the Committee on Mines and Mining.

453. Also, petition of Arthur J. Koletzke, clerk, Eldorado County Board of Supervisors, Placerville, Calif., endorsing California State Legislature Joint Resolution No. 17, relating to mining; to the Committee on Mines and Mining.

454. By Mr. FITZGIBBONS: Resolution adopted by the Silk Association of America, Inc., favoring legislation to forbid the employment of any person in industry for more than 30 hours in 1 week; to the Committee on Labor.

455. By Mr. GIBSON: Petition of Vergennes Post, No. 14, American Legion, protesting removal of regional office of the Veterans' Administration at Burlington, Vt.; to the Committee on World War Veterans' Legislation.

456. By Mr. HOPE: Petition of Elizabeth Witman and 136 other citizens of Hodgeman County, Kans., urging the enactment of the Frazier bill, providing for governmental refinancing of distressed farm indebtedness; to the Committee on Agriculture.

457. Also, petition of Barbara Birzer and 109 other citizens of Barton County, Kans., urging the enactment of the Frazier bill, providing for governmental refinancing of distressed farm indebtedness; to the Committee on Agriculture.

458. Also, petition of Ray Henry and 21 other citizens of Stafford County, Kans., urging the enactment of the Frazier bill, providing for governmental refinancing of distressed farm indebtedness; to the Committee on Agriculture.

459. By Mr. JOHNSON of Minnesota: Resolution by American Legion Post No. 43, Faribault, Minn., favoring the abolition of the position of first- and second-class postmasters as an act of economy; to the Committee on the Post Office and Post Roads.

460. Also, a resolution by the American Legion Bearcat Post of Minneapolis, to increase postal rates on newspapers, magazines, and periodicals; to the Committee on Ways and Means.

461. Also, petition of Chokio Shipping Association, of Chokio, Minn., favoring refinancing of farm mortgages at 3 percent; to the Committee on Banking and Currency.

462. Also, resolution by the Bearcat Post, American Legion, of Minneapolis, Minn., urging an investigation of certain companies receiving aid under the Reconstruction Finance Corporation; to the Committee on Banking and Currency.

463. Also, resolution by the Yellow Medicine County (Minn.) Farm Bureau organization, favoring a rate of interest on refinanced farm mortgages at no more than 4 percent; to the Committee on Banking and Currency.

464. By Mr. KELLER: Resolution of Lodge 470, Brotherhood of Locomotive Firemen and Enginemen, Murphysboro, Ill., protesting reductions in appropriations for locomotive inspection; to the Committee on Labor.

465. Also, petition in the nature of Senate Joint Resolution No. 14 of the State of Illinois, favoring refinancing of home and farm mortgages; to the Committee on Banking and Currency.

466. Also, petition regarding House bill 4336, by Representative BEAM; to the Committee on Ways and Means.

467. By Mr. KVALE: Petition of Faribault (Minn.) American Legion Post No. 43, advocating the abolishment of position of postmaster in first- and second-class offices; to the Committee on the Post Office and Post Roads.

468. Also, petition of Chokio Livestock Shipping Association, Chokio, Minn., urging enactment of refinancing legislation at a low interest rate; to the Committee on Banking and Currency.

469. By Mr. LINDSAY: Petition of Cohen, Goldman & Co., Inc., clothing manufacturers, New York City, opposing the

30-hour week bill and favoring an amended bill for 36 hours a week; to the Committee on Labor.

470. Also, petition of the Jacobs Bros. Co., Inc., manufacturers of scales and store equipment, Brooklyn, N.Y., opposing the Black 6-hour day 5-day week bill; to the Committee on Labor.

471. Also, petition of International Photo-Engravers' Union of North America, New York City, approving the Black-Connelly bill, but amended so as to include newspapers and periodicals and products of foreign manufacture in their provisions; to the Committee on Labor.

472. Also, petition of Atlantic Terra Cotta Co., New York City, favoring President Roosevelt's public-works program; to the Committee on Labor.

473. Also, petition of Towns & James, Inc., wholesale druggists, Brooklyn, N.Y., opposing House bill 4557; to the Committee on Labor.

474. Also, petition of National Association of American Worker's Association, North Tonawanda, N.Y., favoring the passage of the Black bill; to the Committee on Labor.

475. Also, petition of William F. Hagens, of Brooklyn, N.Y., favoring the 6-hour day 5-day week bill, if amended to include workers in the newspaper and periodical trades; to the Committee on Labor.

476. By Mr. MOTT: Petition of the Legislature of the State of Oregon, urging Congress to make immediate and adequate provision for the improvement of the Columbia-Snake River waterways for navigation; to the Committee on Rivers and Harbors.

477. By Mr. O'CONNOR: Resolution of the Legislature of the State of New York, memorializing Congress to forbid, by appropriate laws, the sale in this country of the universal American flag and/or all special United States of America flags and/or the flags of the various States, dependencies, or Territories manufactured abroad; to the Committee on Labor.

478. Also, resolution of the Legislature of the State of New York, memorializing the Congress to enact legislation directing the Postmaster General to issue special series of stamps in commemoration of the one hundred and fiftieth anniversary of the naturalization as an American citizen and appointment of Thaddeus Kosciuszko as brevet brigadier general of the Continental Army on October 13, 1783; to the Committee on the Post Office and Post Roads.

479. By Mr. PARKS: Petition protesting against the Black bill; to the Committee on Labor.

480. By Mr. REID of Illinois: Petition of Board of Supervisors of Du Page County, Ill., certified by county clerk, endorsing and urging the passage of the 6-hour 5-day week bill; to the Committee on Labor.

481. By Mr. RUDD: Petition of International Photo-Engravers' Union of North America, New York City, favoring the Black-Connelly bills, S. 158 and H.R. 4557, but amended so as to include newspapers and periodicals and the products of foreign manufacture in their provisions; to the Committee on Labor.

482. Also, petition of Atlantic Terra Cotta Co., New York City, favoring the President's public-works program; to the Committee on Labor.

483. Also, petition of Great Lakes Dredge & Dock Co., New York City, favoring the passage of House bill 3348; to the Committee on Merchant Marine, Radio, and Fisheries.

484. By Mr. WATSON: Resolutions adopted by the American Legion, Department of Pennsylvania, requesting the Federal Government to insert in all contracts for Government work certain requirements; to the Committee on Public Buildings and Grounds.

485. By Mr. WELCH: Senate Joint Resolution No. 11 of California State Legislature, proposing issuance of postage stamps in honor of the California citrus industry; to the Committee on the Post Office and Post Roads.

486. By Mr. WITHROW: Memorial of the Legislature of the State of Wisconsin, memorializing Congress to promptly enact the administration farm relief bill; to the Committee on Agriculture.

487. Also, memorial of the Legislature of the State of Wisconsin, memorializing the Congress of the United States to provide machinery for the loaning of money to needy financial institutions; to the Committee on Banking and Currency.

488. Also, memorial of the Legislature of the State of Wisconsin, relating to reforestation in Wisconsin and other Lake States, as a part of the President's emergency program for providing employment; to the Committee on Labor.

489. By the SPEAKER: Petition of Eduarda K. Baltuff (Harris), favoring a congressional investigation of the Zev conspiracy; to the Committee on the Judiciary.

SENATE

WEDNESDAY, APRIL 12, 1933

(Legislative day of Tuesday, Apr. 11, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Mr. HARRISON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Kendrick	Reynolds
Ashurst	Costigan	Keyes	Robinson, Ark.
Austin	Couzens	La Follette	Robinson, Ind.
Bachman	Cutting	Lewis	Russell
Bailey	Dickinson	Logan	Schall
Bankhead	Dieterich	Loneragan	Sheppard
Barbour	Dill	Long	Shipstead
Barkley	Duffy	McAdoo	Smith
Black	Erickson	McCarran	Stelwer
Bone	Fess	McGill	Stephens
Borah	Fletcher	McKellar	Thomas, Okla.
Bratton	Frazier	McNary	Thomas, Utah
Brown	George	Metcalf	Townsend
Bulkley	Glass	Murphy	Trammell
Bulow	Goldsborough	Neely	Tydings
Byrd	Gore	Norbeck	Vandenberg
Byrnes	Hale	Norris	Van Nuys
Capper	Harrison	Nye	Wagner
Caraway	Hastings	Overton	Walcott
Carey	Hatfield	Patterson	Walsh
Clark	Hayden	Pittman	Wheeler
Connally	Johnson	Pope	White
Coolidge	Kean	Reed	

Mr. THOMAS of Utah. My colleague the senior Senator from Utah [Mr. KING] is not with us this morning because of a great sadness which has come into his life. I wish this announcement to stand for the day.

Mr. REED. I desire to announce that my colleague [Mr. DAVIS] is necessarily absent on account of illness.

Mr. FESS. I wish to announce that the Senator from Rhode Island [Mr. HEBERT] and the Senator from Vermont [Mr. DALE] are necessarily detained from the Senate.

The VICE PRESIDENT. Ninety-one Senators having answered to their names, a quorum is present.

REPORT OF THE NEAR EAST RELIEF

The VICE PRESIDENT laid before the Senate a letter from the executive secretary of the Near East Relief, submitting, pursuant to law, the report of the Near East Relief for the year ended December 31, 1932, which, with the accompanying report, was referred to the Committee on Printing.

FUNCTIONS OF THE OFFICE OF PUBLIC BUILDINGS AND PARKS AND ALLIED COMMISSIONS (S.DOC. NO. 22)

The VICE PRESIDENT laid before the Senate a letter from the Director of Public Buildings and Public Parks of the National Capital, reporting, pursuant to Senate Resolution 351, Seventy-second Congress, relative to the various functions, personnel, etc., of the Office of Public Buildings and Public Parks of the National Capital, the Public Buildings Commission, the Arlington Memorial Bridge Commission, and the National Capital Park and Planning Commission, which, with the accompanying papers, was ordered to lie on the table and to be printed.

PETITIONS AND MEMORIALS

Mr. KEAN presented a resolution adopted by the Most Worshipful Oriental Grand Lodge of Ancient Free and